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LEGISLATIVE HISTORY

Public Law 85-477
H. R. 12181

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Index and summary of H. R. 12181

Feb. 19, 1958	Sens. Green and Wiley introduced S. 3318 which was referred to the Senate Foreign Relations Committee. Print of bill as introduced.
Apr. 28, 1958	Rep. Moran introduced H. R. 12181 which was referred to the House Foreign Affairs Committee. Print of bill as introduced.
Apr. 29, 1958	House committee ordered H. R. 12181 reported.
May 7, 1958	House committee reported H. R. 12181 without amendment. H. Report No. 1696. Print of bill and report.
May 8, 1958	Rules Committee reported resolution for consideration of H. R. 12181. H. Res. 562, H. Rept. No. 1707. Print of resolution and report.
May 12, 1958	House began debate on H. R. 12181.
May 13, 1958	House continued debate on H. R. 12181.
May 14, 1958	House passed H. R. 12181 with amendments.
May 15, 1958	H. R. 12181 was referred to the Senate Foreign Relations Committee. Print of bill as referred.
May 21, 1958	Senate committee began consideration of S. 3318 and H. R. 12181.
May 22, 1958	Senate committee continued executive consideration of S. 3318 and H. R. 12181.
May 23, 1958	Senate committee ordered H. R. 12181 reported with amendment.
May 26, 1958	Senate committee reported H. R. 12181 with amendment. S. Report No. 1627, Parts 1 and 2. Print of bill and reports.
	Several Senators discussed this bill, H. R. 12181.
May 28, 1958	Senate began debate on H. R. 12181.
May 29, 1958	Senate continued debate on H. R. 12181.
June 2, 1958	Senate continued debate.
June 3, 1958	Senate continued debate.
June 4, 1958	Senate continued debate.
June 5, 1958	Senate continued debate.

Index and summary of H. R. 12181, cont'd:

June 6, 1958	Senate passed H. R. 12181 with amendments. Senate conferees were appointed.
June 9, 1958	House conferees were appointed on H. R. 12181.
June 18, 1958	Conferees agreed to file a report.
June 19, 1958	Conferees granted time in which to file a report.
June 23, 1958	House received conference report. H. Report No. 1941. Print of report.
June 24, 1958	Rep. Morgan requested that the conference report be returned to the conference committee.
June 26, 1958	House received revised conference report. H. Report No. 2038. Print of report.
June 27, 1958	Both Houses agreed to the conference report.
June 30, 1958	Approved: Public Law 85-477.

HEARINGS: Senate Foreign Relations Committee on S. 3318; March and April, 1958.

House Foreign Affairs Committee, Miscellaneous Hearings, Parts 1 - 16; February, March, and April, 1958.

DIGEST OF PUBLIC LAW 85-477

MUTUAL SECURITY ACT OF 1958. Requires that at least \$175,000,000 of mutual security funds be used to finance the sale for foreign currencies of surplus agricultural commodities. Authorizes \$2,100,000 for ocean freight to move supplies donated to and by American voluntary agencies. Extends to shipments of fresh fruits and products thereof under this Act, the exemption from the requirement that at least half of the shipments be made on American vessels. Authorizes \$171,500,000 for technical cooperation programs. Provides that the U. S. contribution to the U. N. technical assistance and related programs for 1959 may not exceed 40 percent of the total amount contributed to the programs. Authorizes a study, under the direction of the President, by designated Government agencies of the relation of the program to American private enterprise and the American economy, and to make recommendation to prevent any possible adverse affects, with special reference to areas of substantial labor surplus, and to further the role of, American private enterprise in promoting our foreign policy. Authorizes the use of foreign currencies acquired under Public Law 480 to collect, collate, translate, abstract, and disseminate scientific and technological information, and to conduct and support scientific cooperation between the U. S. and other countries, including coordinated research against disease, provided that specific appropriations are made for this purpose.

S. 3318

IN THE SENATE OF THE UNITED STATES

FEBRUARY 19, 1958

Mr. GREEN (for himself and Mr. WILEY) (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1958".

5 SEC. 2. Title I, chapter 1, of the Mutual Security Act of
6 1954, as amended, which relates to military assistance, is
7 further amended by striking out "1958" and "\$1,600,000,-
8 000" in section 103 (a) and substituting "1959" and "\$1,-
9 800,000,000", respectively.

10 SEC. 3. Title I, chapter 3, of the Mutual Security Act of
11 1954, as amended, which relates to defense support, is fur-

1 ther amended by striking out "1958" and "\$750,000,000"
2 in section 131 (b) and substituting "1959" and "\$835,-
3 000,000", respectively.

4 SEC. 4. Title II of the Mutual Security Act of 1954, as
5 amended, which relates to the Development Loan Fund, is
6 further amended as follows:

7 (a) Amend section 202, which relates to general au-
8 thority, as follows:

9 (1) Strike out subsection (a) and substitute the
10 following:

11 "(a) To carry out the purposes of this title, there is
12 hereby created as an agency of the United States of America,
13 subject to the direction and supervision of the President, a
14 body corporate to be known as the 'Development Loan Fund'
15 (hereinafter referred to in this title as the 'Fund') which
16 shall have succession in its corporate name. The Fund shall
17 have its principal office in the District of Columbia and shall
18 be deemed, for purposes of venue in civil actions, to be a
19 resident thereof. It may establish offices in such other place
20 or places as it may deem necessary or appropriate."

21 (2) In subsection (b), strike out all preceding "is
22 hereby" in the first sentence and substitute "The Fund";
23 strike out "he" in the first sentence and substitute "it";
24 strike out "from" in the second sentence and substitute "by";
25 insert after the third sentence "The provisions of section 955

1 of title 18 of the United States Code shall not apply to
2 prevent any person, including any individual, partnership,
3 corporation, or association, from acting for or participating
4 with the Fund in any operation or transaction, or from
5 acquiring any obligation issued in connection with any opera-
6 tion or transaction, engaged in by the Fund.”; and strike
7 out the last two sentences and substitute the following new
8 sentence: “The President’s semiannual reports to the Con-
9 gress on operations under this Act, as provided for in section
10 534 of this Act, shall include detailed information on the
11 implementation of this title.”.

12 (b) Amend section 204, which relates to fiscal provi-
13 sions, as follows:

14 (1) In subsection (b), substitute “Fund” for “Presi-
15 dent” in the first sentence and strike out “against the Fund”
16 in that sentence; change “authorized” to “made available”
17 in the second sentence; and insert “assets of the” before
18 “Fund” in the third sentence.

19 (2) Strike out subsection (c) and substitute the fol-
20 lowing:

21 “(c) The Fund shall be deemed to be a wholly owned
22 Government corporation and shall accordingly be subject
23 to the applicable provisions of the Government Corporation
24 Control Act, as amended.”.

1 (c) Amend section 205, which relates to powers and
2 authorities, as follows:

3 (1) Insert "MANAGEMENT," before "POWERS" in the
4 heading of the section.

5 (2) Strike out subsections (a) and (b) and substitute
6 the following new subsections:

7 “(a) The management of the Fund shall be vested in
8 a Board of Directors (hereinafter referred to in this title
9 as the ‘Board’) consisting of the Deputy Under Secretary
10 of State for Economic Affairs, who shall be Chairman, the
11 Director of the International Cooperation Administration,
12 the Chairman of the Board of Directors of the Export-Import
13 Bank, the Managing Director of the Fund, and the United
14 States Executive Director on the International Bank for Re-
15 construction and Development. The Board shall carry out
16 its functions subject to the foreign policy guidance of the
17 Secretary of State. The Board shall act by a majority vote
18 participated in by a quorum; and three members of the
19 Board shall constitute a quorum. Subject to the foregoing
20 sentence, vacancies in the membership of the Board shall
21 not affect its power to act. The Board shall meet for organi-
22 zation purposes when and where called by the Chairman.
23 The Board may, in addition to taking any other necessary
24 or appropriate actions in connection with the management
25 of the Fund, adopt, amend and repeal bylaws governing

1 the conduct of its business and the performance of the au-
2 thorities, powers and functions of the Fund and its officers
3 and employees. The members of the Board shall receive no
4 compensation for their services on the Board but may be paid
5 actual travel expenses and per diem in lieu of subsistence
6 under the Standardized Government Travel Regulations in
7 connection with travel or absence from their homes or reg-
8 ular places of business for purposes of business of the Fund.

9 “(b) There shall be a Managing Director of the Fund
10 who shall be the chief executive officer of the Fund, who
11 shall be appointed by the President of the United States by
12 and with the advice and consent of the Senate, and whose
13 compensation shall be at a rate of \$20,000 a year. There
14 shall also be a Deputy Managing Director of the Fund,
15 whose compensation shall be at a rate not in excess of
16 \$19,000 a year, and three other officers of the Fund, whose
17 titles shall be determined by the Board and whose compen-
18 sation shall be at a rate not in excess of \$18,000 per year.
19 Appointment to the offices provided for in the preceding
20 sentence shall be by the Board. The Managing Director,
21 in his capacity as chief executive officer of the Fund, the
22 Deputy Managing Director and the other officers of the Fund
23 shall perform such functions as the Board may designate and
24 shall be subject to the supervision and direction of the Board.
25 During the absence or disability of the Managing Director

1 or in the event of a vacancy in the office of Managing Di-
2 rector, the Deputy Managing Director shall act as Manag-
3 ing Director, or, if the Deputy Managing Director is also
4 absent or disabled or the office of Deputy Managing Direc-
5 tor is vacant, such other officer as the Board may designate
6 shall act as Managing Director. The offices provided for in
7 this subsection shall be in addition to positions otherwise
8 authorized by law.”.

9 (3) In subsection (c) :

10 (i) Strike out all in the first sentence preceding “: enter
11 into” and substitute “The Fund, in addition to other powers
12 and authorities vested in or delegated or assigned to the Fund
13 or its officers or the Board, may”;

14 (ii) Strike out “may be deemed” in the first clause of
15 the first sentence and substitute “it may deem”;

16 (iii) Strike out “under this title” in the fourth clause
17 of the first sentence and substitute “of the Fund”;

18 (iv) Strike out “the Manager of” in the fifth clause,
19 both times it appears in the seventh clause, and in the last
20 clause of the first sentence;

21 (v) Insert after the seventh clause of the first sentence,
22 following “collection;”, the following: “adopt, alter, and use
23 a corporate seal which shall be judicially noticed; require
24 bonds for the faithful performance of the duties of its officers,
25 attorneys, agents, and employees and pay the premiums

1 thereon; sue and be sued in its corporate name (provided that
 2 no attachment, injunction, garnishment, or similar process,
 3 mesne or final, shall be issued against the Fund or any officer
 4 thereof, including the Board or any member thereof, in his
 5 official capacity or against property or funds owned or held
 6 by the Fund or any such officer in his official capacity) ; exer-
 7 cise, in the payment of debts out of bankrupt, insolvent or
 8 decedent's estates, the priority of the Government of the
 9 United States; purchase one passenger motor vehicle for use
 10 in the continental United States and replace such vehicle
 11 from time to time as necessary; use the United States mails
 12 in the same manner and under the same conditions as the
 13 executive departments of the Federal Government;”;

14 (vi) Strike out all following “operation” in the last
 15 clause of the first sentence and substitute “, or in carrying
 16 out any function.”.

17 (vii) Insert the following new sentence after the first
 18 sentence of the subsection: “Nothing herein shall be con-
 19 strued to exempt the Fund or its operations from the appli-
 20 cation of sections 507 (b) and 2679 of title 28, United
 21 States Code or of section 367 of the Revised Statutes (5
 22 U. S. C. 316).”.

23 (4) Insert the following new subsections:

24 “(d) The Fund shall contribute, from the respective
 25 appropriation or fund used for payment of salaries, pay, or

1 compensation, to the civil service retirement and disability
2 fund, a sum as provided by section 4 (a) of the Civil Service
3 Retirement Act, as amended (5 U. S. C. 2254a), except
4 that such sum shall be determined by applying to the total
5 basic salaries (as defined in that Act) paid to the employees
6 of the Fund covered by that Act, the per centum rate de-
7 termined annually by the Civil Service Commission to be the
8 excess of the total normal cost per centum rate of the civil
9 service retirement system over the employee deduction rate
10 specified in said section 4 (a). The Fund shall also con-
11 tribute at least quarterly from such appropriation or fund,
12 to the employees' compensation fund, the amount deter-
13 mined by the Secretary of Labor to be the full cost of bene-
14 fits and other payments made from such fund on account of
15 injuries and deaths of its employees which may hereafter
16 occur. The Fund shall also pay into the Treasury as mis-
17 cellaneous receipts that portion of the cost of administration
18 of the respective funds attributable to its employees, as de-
19 termined by the Civil Service Commission and the Secretary
20 of Labor.

21 “(e) The assets of the Development Loan Fund on the
22 date of entry into force of the Mutual Security Act of 1958
23 shall be transferred as of such date to the body corporate
24 created by section 202 (a) of this Act. In addition, records,
25 personnel, and property of the International Cooperation

1 Administration may, as agreed by the Managing Director
2 and the Director of the International Cooperation Admin-
3 istration or as determined by the President, be transferred
4 to the Fund. Obligations and liabilities incurred against,
5 and rights established or acquired for the benefit of or with
6 respect to, the Development Loan Fund during the period
7 between August 14, 1957, and the date of entry into force
8 of the Mutual Security Act of 1958 are hereby transferred
9 to, and accepted and assumed by, the body corporate created
10 by section 202 (a) of this Act. A person serving as
11 Manager of the Development Loan Fund as of the date of
12 entry into force of the Mutual Security Act of 1958 shall
13 not, by reason of the entry into force of that Act, require
14 reappointment in order to serve in the office of Managing
15 Director provided for in section 205 (b) of this Act.”.

16 SEC. 5. Title III of the Mutual Security Act of 1954,
17 as amended, which relates to technical cooperation, is further
18 amended as follows:

19 (a) In section 304, which relates to authorization, strike
20 out “\$151,900,000” and substitute “\$142,000,000 for use
21 beginning in the fiscal year 1959”.

22 (b) Amend section 306, which relates to multilateral
23 technical cooperation, as follows:

24 (1) Insert “AND RELATED PROGRAMS” after “COOPER-

1 ATION" in the heading of the section; insert "and this Act"
2 after "title" in the first sentence; and insert "and related"
3 after "cooperation" in the first sentence.

4 (2) In subsection (a), which relates to contributions
5 to the United Nations Expanded Program of Technical As-
6 sistance, strike out "\$15,500,000" and "1958" and substi-
7 tute "\$20,000,000" and "1959", respectively; insert "and
8 such related fund as may hereafter be established" after
9 "Assistance"; and in the proviso change "to this program"
10 to "for such purpose" and change "to the program" where it
11 appears three times to "for such purpose".

12 (3) In subsection (b), which relates to contributions
13 to the technical cooperation program of the Organization of
14 American States, strike out "1958" and substitute "1959".

15 SEC. 6. Title IV of the Mutual Security Act of 1954,
16 as amended, which relates to other programs, is further
17 amended as follows:

18 (a) In section 400 (a), which relates to special assist-
19 ance, strike out "1958" and "\$250,000,000" in the first
20 sentence and substitute "1959" and "\$212,000,000", re-
21 spectively; and strike out all following "stability" in the
22 first sentence and all of the last sentence and insert a period.

23 (b) Amend section 401, which relates to President's
24 special authority, as follows:

1 (1) Insert “AND CONTINGENCY FUND” after “AU-
2 THORITY” in the heading of this section.

3 (2) Subsection (a) is amended as follows:

4 (i) In the first sentence, insert “for use” after “made
5 available”; strike out “such use by section 400 (a) of this
6 Act” and substitute “use under this subsection by subsection
7 (b) of this section”; strike out “pursuant to authorizations
8 contained in” and substitute “for use under”; and

9 (ii) In the second and last sentences strike out
10 “section” both times it appears and substitute “subsection”.

11 (3) Redesignate subsection (b) as subsection (c), and
12 insert the following new subsection (b) :

13 “(b) There is hereby authorized to be appropriated
14 to the President for the fiscal year 1959 not to exceed
15 \$200,000,000 for assistance authorized by this Act, other
16 than by title II, in accordance with the provisions of this
17 Act applicable to the furnishing of such assistance. \$100,-
18 000,000 of the funds authorized to be appropriated pur-
19 suant to this subsection for any fiscal year may be used in
20 such year in accordance with the provisions of subsection
21 (a) of this section.”

22 (4) In the last sentence of subsection (c), insert “sub-
23 section (a) of” after “under”.

24 (c) In section 402, which relates to earmarking of

1 funds, strike out "1958" in the first sentence and substitute
2 "1959".

3 (d) Repeal sections 403 and 404, which relate, re-
4 spectively, to special assistance in joint control areas and re-
5 sponsibilities in Germany, and substitute the following new
6 section:

7 "SEC. 403. RESPONSIBILITIES IN GERMANY.—The
8 President is hereby authorized to use during the fiscal year
9 1959 not to exceed \$8,200,000 of the funds made available
10 pursuant to section 400 (a) of this Act in order to meet the
11 responsibilities or objectives of the United States in Germany,
12 including West Berlin. In carrying out this section, the
13 President may also use currency which has been or may be
14 deposited in the GARIOA (Government and Relief in Oc-
15 cupied Areas) Special Account, including that part of the
16 German currency now or hereafter deposited under the bi-
17 lateral agreement of December 15, 1949, between the United
18 States and the Federal Republic of Germany (or any supple-
19 mentary or succeeding agreement) which, upon approval by
20 the President, shall be deposited in the GARIOA Special
21 Account under the terms of article V of that agreement.
22 The President may use the funds available for the purposes
23 of this section on such terms and conditions as he may

1 specify, and without regard to any provision of law which he
2 determines must be disregarded.”.

3 (c) Amend section 405, which relates to migrants,
4 refugees, and escapees, as follows:

5 (1) In subsection (c), strike out all following “fiscal
6 year” and substitute “1959 not to exceed \$1,200,000 for
7 contributions to the program of the United Nations High
8 Commissioner for Refugees for assistance to refugees under
9 his mandate.”.

10 (2) In subsection (d), strike out “1958” and “\$5,500,-
11 000” and substitute “1959” and “\$8,600,000”, respectively.

12 (f) In section 406, which relates to children’s welfare,
13 strike out “1958” and substitute “1959”.

14 (g) In section 407, which relates to Palestine refugees
15 in the Near East, insert “for the fiscal year 1959” before
16 “not to exceed” in the first sentence; strike out “\$65,000,-
17 000” in the first sentence and substitute “\$25,000,000”; and
18 strike out the second sentence.

19 (h) In section 409 (c), which relates to ocean freight
20 charges, strike out “1958” and “\$2,200,000” and substitute
21 “1959” and “\$2,100,000”, respectively.

22 (i) In section 410, which relates to Control Act ex-

1 penses, strike out "1958" in the first sentence and substitute
2 "1959".

3 (j) Amend section 411, which relates to administrative
4 and other expenses, as follows:

5 (1) In subsection (b), strike out "1958" and
6 "\$32,750,000" and substitute "1959" and "\$33,000,000",
7 respectively; and insert "and title II" after "title I" within
8 the first parentheses;

9 (2) In subsection (c), insert "functions of the Depart-
10 ment under this Act or for" before "normal".

11 (k) In section 413 (b) (4), which relates to en-
12 couragement of free enterprise and private participation,
13 strike out "the agency primarily" and substitute "an
14 agency"; and insert after "Director of the International
15 Cooperation Administration" both times it appears in sub-
16 paragraph (F) "or such other officer as the President may
17 designate".

18 (l) In section 419 (a), which relates to atoms for
19 peace, strike out "1958" and "\$7,000,000" in the second
20 sentence and substitute "1959" and "\$5,500,000",
21 respectively.

22 (m) In section 420, which relates to malaria eradica-
23 tion, delete "The" in the second sentence and insert "In
24 addition to such assistance as may be furnished for this pur-
25 pose in accordance with the provisions of title II, the";

1 insert after the word “authorized” in the second sentence “to
2 use funds made available under this Act (other than chapter
3 1, title I, and title II) ”; and strike out the last sentence.

4 SEC. 7. Title V, chapter 1, of the Mutual Security Act
5 of 1954, as amended, which relates to general provisions, is
6 further amended as follows:

7 (a) Section 509, which relates to shipping on United
8 States vessels, is amended by adding the following new sen-
9 tence at the end thereof: “Sales of fresh fruit and the prod-
10 ucts thereof under this Act shall be exempt from the require-
11 ments of the cargo preference laws (Public Resolution 17,
12 Seventy-third Congress, and section 901 (b) of the Mer-
13 chant Marine Act, 1936, as amended) .”.

14 (b) Section 510, which relates to purchase of commodi-
15 ties, is amended by striking out “title II or” in the first
16 sentence.

17 (c) Add the following new section:

18 “SEC. 516. PROHIBITION AGAINST DEBT RETIRE-
19 MENT.—None of the funds made available under this Act
20 nor any of the counterpart funds generated as a result of
21 assistance under this Act or any other Act shall be used to
22 make payments on account of the principal or interest on
23 any debt of any foreign government or on any loan made
24 to such government by any other foreign government; nor
25 shall any of these funds be expended for any purpose for

1 which funds have been withdrawn by any recipient country
2 to make payment on such debts: *Provided*, That to the
3 extent that funds have been borrowed by any foreign gov-
4 ernment in order to make a deposit of counterpart and such
5 deposit is in excess of the amount that would be required
6 to be deposited pursuant to the formula prescribed by sec-
7 tion 142 (b) of this Act, such counterpart may be used
8 in such country for any agreed purpose consistent with the
9 provisions of this Act.”.

10 SEC. 8. Title V, chapter 2, of the Mutual Security Act
11 of 1954, as amended, which relates to organization and ad-
12 ministration, is further amended by changing section 537,
13 which relates to provisions on uses of funds, as follows: In
14 subsection (a) (1), strike out “for the fiscal year 1958”;
15 and in subsection (c), strike out “Not to exceed \$18,000,-
16 000” and substitute “Notwithstanding the provisions of sec-
17 tion 406 (a) of Public Law 85-241, not to exceed \$26,-
18 000,000”, and add the following new clause before the
19 period: “, and not to exceed \$2,750,000 of funds made
20 available for assistance in other countries under this Act may
21 be used (in addition to funds available for such use under
22 other authorities in this Act) for construction or acquisition
23 of such facilities for such purposes elsewhere”.

24 SEC. 9. Title V, chapter 3, of the Mutual Security Act

1 of 1954, as amended, which relates to repeal and miscel-
2 laneous provisions, is further amended as follows:

3 (a) Amend section 543 (d), which relates to saving
4 provisions, by striking out "Act of 1956 or the Mutual Se-
5 curity Act of 1957" and substituting "Acts of 1956, 1957
6 or 1958" in the first sentence.

7 (b) Amend section 544, which relates to amendments
8 to other laws, by striking out subsections (b) and (c)
9 (which deletions shall not be deemed to affect amendments
10 contained in such subsections to Acts other than the Mutual
11 Security Act of 1954, as amended) and substituting the fol-
12 lowing new subsections:

13 " (b) Section 101 of the Government Corporation Con-
14 trol Act, as amended (31 U. S. C. 846), is further amended
15 by inserting 'Development Loan Fund;' before 'Institute of
16 Inter-American Affairs'.

17 " (c) The Defense Base Act, as amended (42 U. S. C.
18 1651), is further amended as follows:

19 " (1) In subsection 1 (a), insert the following new sub-
20 paragraph between subparagraph (4) and the last five lines:

21 " " (5) under a contract approved and financed by
22 the United States or any executive department, inde-
23 pendent establishment, or agency thereof (including any
24 corporate instrumentality of the United States), or any

1 subcontract or subordinate contract with respect to such
2 contract, where such contract is to be performed out-
3 side the continental United States, under the Mutual Se-
4 curity Act of 1954, as amended (other than title II
5 thereof), and not otherwise within the coverage of this
6 section, and every such contract shall contain provisions
7 requiring that the contractor (and subcontractor or sub-
8 ordinate contractor with respect to such contract) (1)
9 shall, before commencing performance of such contract,
10 provide for securing to or on behalf of employees en-
11 gaged in work under such contract the payment of com-
12 pensation and other benefits under the provisions of this
13 Act, and (2) shall maintain in full force and effect
14 during the term of such contract, subcontract, or sub-
15 ordinate contract, or while employees are engaged in
16 work performed thereunder, the said security for the
17 payment of such compensation and benefits, but nothing
18 in this paragraph shall be construed to apply to any em-
19 ployee of such contractor or subcontractor who is en-
20 gaged exclusively in furnishing materials or supplies
21 under his contract;’.

22 “(2) In subsection 1 (e), strike ‘(3) or (4)’ in the
23 last sentence and substitute therefor ‘(3), (4), or (5)’.

1 “(3) In subsection 1 (f), insert ‘or in any work under
2 subparagraph (5) subsection (a) of this section’ between
3 ‘this section’ and ‘shall not apply’.

4 “(d) Section 101 (a) of the War Hazards Compensa-
5 tion Act, as amended (42 U. S. C. 1701), is further amended
6 by inserting the following subparagraph between subpara-
7 graph (3) and the last fifteen lines: ‘or (4) to any person
8 who is an employee specified in section 1 (a) (5) of the
9 Defense Base Act, as amended, if no compensation is pay-
10 able with respect to such injury or death under such Act,
11 or to any person engaged under a contract for his personal
12 services outside the United States approved and financed
13 by the United States under the Mutual Security Act of 1954,
14 as amended (other than title II thereof) : *Provided*, That in
15 cases where the United States is not a formal party to con-
16 tracts approved and financed under the Mutual Security Act
17 of 1954, as amended, the Secretary, upon the recommenda-
18 tion of the head of any department or agency of the United
19 States, may, in the exercise of his discretion, waive the
20 application of the provisions of this subparagraph with respect
21 to any such contracts, subcontracts, or subordinate contracts,
22 work location under such contracts, subcontracts, or subordi-
23 nate contracts, or classification of employees.’”.

1 (c) Amend section 545, which relates to definitions, as
2 follows:

3 (1) In subsection (j), insert “the Development Loan
4 Fund and” after “refer to” and strike out “title II,”.

5 (2) In subsection (k), insert “the Board of Directors
6 of the Development Loan Fund and” after “refer to” and
7 strike out “title II,”.

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. GREEN and Mr. WILEY

FEBRUARY 19, 1958

Read twice and referred to the Committee on Foreign Relations

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1958

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Mutual Security Act of
4 1958”.

5 • SEC. 2. The first section of the Mutual Security Act of
6 1954, as amended, is amended by adding at the end thereof
7 the following: “This Act is divided into chapters and titles,
8 according to the following table of contents:

“TABLE OF CONTENTS

“CHAPTER I—MILITARY ASSISTANCE

“CHAPTER II—ECONOMIC ASSISTANCE

“Title I—Defense Support

“Title II—Development Loan Fund

“Title III—Technical Cooperation

“Title IV—Other Programs

“CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND

“CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS”

1 CHAPTER I—MILITARY ASSISTANCE

2 MILITARY ASSISTANCE

3 SEC. 101. Subsection (a) of section 103 of the Mutual
4 Security Act of 1954, as amended, which relates to military
5 assistance, is amended by striking out “1958” and “\$1,600,-
6 000,000” and inserting in lieu thereof “1959” and “\$1,640,-
7 000,000”, respectively.

8 PROCUREMENT PROGRAMS RELATING TO MILITARY 9 ASSISTANCE

10 SEC. 102. Paragraph (1) of subsection (b) of section
11 105 of the Mutual Security Act of 1954, as amended, which
12 relates to conditions applicable to military assistance, is
13 amended by inserting immediately before the period at the
14 end thereof the following: “, including coordinated produc-
15 tion and procurement programs participated in by the
16 members of the North Atlantic Treaty Organization to the
17 greatest extent possible with respect to military equipment
18 and materials to be utilized for the defense of the North
19 Atlantic area”.

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1958" and "\$750,000,000" and inserting in lieu thereof "1959" and "\$775,000,000", respectively.

DEVELOPMENT LOAN FUND

SEC. 202. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the 'Development Loan Fund' (hereinafter referred to in this title as the 'Fund') which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil

1 actions, to be a resident thereof. It may establish offices in
2 such other place or places as it may deem necessary or
3 appropriate.”.

4 (2) In subsection (b), strike out all preceding “is here-
5 by” in the first sentence and substitute “The Fund”; strike
6 out “he” in the first sentence and substitute “it”; strike
7 out “and (3)” in the first sentence and substitute “(3)”;
8 insert before the period at the end of the first sentence “, and
9 (4) the possible adverse effects upon the economy of the
10 United States, with special reference to areas of substantial
11 labor surplus, of the activity and the financing operation or
12 transaction involved”; strike out “from” in the second sen-
13 tence and substitute “by”; insert after the third sentence
14 “The provisions of section 955 of title 18 of the United
15 States Code shall not apply to prevent any person, including
16 any individual, partnership, corporation, or association, from
17 acting for or participating with the Fund in any operation
18 or transaction, or from acquiring any obligation issued in con-
19 nection with any operation or transaction, engaged in by the
20 Fund.”; and strike out the last two sentences and substitute
21 the following new sentence: “The President’s semiannual
22 reports to the Congress on operations under this Act, as
23 provided for in section 534 of this Act, shall include detailed
24 information on the implementation of this title.”.

1 (b) Amend section 204, which relates to fiscal pro-
2 visions, as follows:

3 (1) In subsection (b), substitute "Fund" for "Presi-
4 dent" in the first sentence and strike out "against the Fund"
5 in that sentence; change "authorized" to "made available"
6 in the second sentence; and insert "assets of the" before
7 "Fund" in the third sentence.

8 (2) Strike out subsection (c) and substitute the fol-
9 lowing:

10 "(c) The Fund shall be deemed to be a wholly owned
11 Government corporation and shall accordingly be subject to
12 the applicable provisions of the Government Corporation
13 Control Act, as amended."

14 (c) Amend section 205, which relates to powers and
15 authorities, as follows:

16 (1) Insert "MANAGEMENT," before "POWERS" in the
17 heading of the section.

18 (2) Strike out subsections (a) and (b) and substitute
19 the following new subsections:

20 "(a) The management of the Fund shall be vested in
21 a Board of Directors (hereinafter referred to in this title
22 as the 'Board') consisting of the Deputy Under Secretary
23 of State for Economic Affairs, who shall be Chairman, the
24 Director of the International Cooperation Administration,

1 the Chairman of the Board of Directors of the Export-Import
2 Bank, the Managing Director of the Fund, and the United
3 States Executive Director on the International Bank for
4 Reconstruction and Development. The Board shall carry
5 out its functions subject to the foreign policy guidance of the
6 Secretary of State. The Board shall act by a majority vote
7 participated in by a quorum; and three members of the
8 Board shall constitute a quorum. Subject to the foregoing
9 sentence, vacancies in the membership of the Board shall
10 not affect its power to act. The Board shall meet for organi-
11 zation purposes when and where called by the Chairman.
12 The Board may, in addition to taking any other necessary
13 or appropriate actions in connection with the management
14 of the Fund, adopt, amend, and repeal bylaws governing the
15 conduct of its business and the performance of the authorities,
16 powers, and functions of the Fund and its officers and em-
17 ployees. The members of the Board shall receive no com-
18 pensation for their services on the Board but may be paid
19 actual travel expenses and per diem in lieu of subsistence
20 under the Standardized Government Travel Regulations in
21 connection with travel or absence from their homes or regu-
22 lar places of business for purposes of business of the Fund.

23 “(b) There shall be a Managing Director of the Fund
24 who shall be the chief executive officer of the Fund, who
25 shall be appointed by the President of the United States by

1 and with the advice and consent of the Senate, and whose
2 compensation shall be at a rate of \$20,000 a year. There
3 shall also be a Deputy Managing Director of the Fund, whose
4 compensation shall be at a rate not in excess of \$19,000 a
5 year, and three other officers of the Fund, whose titles shall
6 be determined by the Board and whose compensation shall
7 be at a rate not in excess of \$18,000 per year. Appoint-
8 ment to the offices provided for in the preceding sentence
9 shall be by the Board. The Managing Director, in his
10 capacity as chief executive officer of the Fund, the Deputy
11 Managing Director and the other officers of the Fund shall
12 perform such functions as the Board may designate and shall
13 be subject to the supervision and direction of the Board.
14 During the absence or disability of the Managing Director
15 or in the event of a vacancy in the office of Managing Direc-
16 tor, the Deputy Managing Director shall act as Managing
17 Director, or, if the Deputy Managing Director is also absent
18 or disabled or the office of Deputy Managing Director is
19 vacant, such other officer as the Board may designate shall
20 act as Managing Director. The offices provided for in this
21 subsection shall be in addition to positions otherwise
22 authorized by law."

23 (3) In subsection (c) :

24 (i) Strike out all in the first sentence preceding
25 " : enter into" and substitute "The Fund, in addition to other

1 powers and authorities vested in or delegated or assigned
2 to the Fund or its officers or the Board, may”;

3 (ii) Strike out “may be deemed” in the first clause of
4 the first sentence and substitute “it may deem”;

5 (iii) Strike out “under this title” in the fourth clause of
6 the first sentence and substitute “of the Fund”;

7 (iv) Strike out “the Manager of” in the fifth clause,
8 both times it appears in the seventh clause, and in the last
9 clause of the first sentence;

10 (v) Insert after the seventh clause of the first sentence,
11 following “collection;”, the following: “adopt, alter and use
12 a corporate seal which shall be judicially noticed; require
13 bonds for the faithful performance of the duties of its officers,
14 attorneys, agents and employees and pay the premiums
15 thereon; sue and be sued in its corporate name (provided
16 that no attachment, injunction, garnishment, or similar proc-
17 ess, mesne or final, shall be issued against the Fund or any
18 officer thereof, including the Board or any member thereof,
19 in his official capacity or against property or funds owned or
20 held by the Fund or any such officer in his official capacity) ;
21 exercise, in the payment of debts out of bankrupt, insolvent
22 or decedent’s estates, the priority of the Government of the
23 United States; purchase one passenger motor vehicle for use
24 in the continental United States and replace such vehicle
25 from time to time as necessary; use the United States mails

1 in the same manner and under the same conditions as the
2 executive departments of the Federal Government;”;

3 (vi) Strike out all following “operation” in the last
4 clause of the first sentence and substitute “, or in carrying
5 out any function.”.

6 (vii) Insert the following new sentence after the first
7 sentence of the subsection: “Nothing herein shall be con-
8 strued to exempt the Fund or its operations from the appli-
9 cation of sections 507 (b) and 2679 of title 28, United
10 States Code or of section 367 of the Revised Statutes (5
11 U. S. C. 316).”.

12 (4) Insert the following new subsections:

13 “(d) The Fund shall contribute, from the respective
14 appropriation or fund used for payment of salaries, pay or
15 compensation, to the civil service retirement and disability
16 fund, a sum as provided by section 4 (a) of the Civil
17 Service Retirement Act, as amended (5 U. S. C. 2254a),
18 except that such sum shall be determined by applying to the
19 total basic salaries (as defined in that Act) paid to the
20 employees of the Fund covered by that Act, the per centum
21 rate determined annually by the Civil Service Commission
22 to be the excess of the total normal cost per centum rate
23 of the civil service retirement system over the employee
24 deduction rate specified in said section 4 (a). The Fund

1 shall also contribute at least quarterly from such appropri-
2 ation or fund, to the employees' compensation fund, the
3 amount determined by the Secretary of Labor to be the full
4 cost of benefits and other payments made from such fund
5 on account of injuries and deaths of its employees which may
6 hereafter occur. The Fund shall also pay into the Treasury
7 as miscellaneous receipts that portion of the cost of adminis-
8 tration of the respective funds attributable to its employees,
9 as determined by the Civil Service Commission and the
10 Secretary of Labor.

11 “(e) The assets of the Development Loan Fund on the
12 date of entry into force of the Mutual Security Act of 1958
13 shall be transferred as of such date to the body corporate
14 created by section 202 (a) of this Act. In addition, records,
15 personnel, and property of the International Cooperation
16 Administration may, as agreed by the Managing Director
17 and the Director of the International Cooperation Admin-
18 istration or as determined by the President, be transferred
19 to the Fund. Obligations and liabilities incurred against,
20 and rights established or acquired for the benefit of or with
21 respect to, the Development Loan Fund during the period
22 between August 14, 1957, and the date of entry into force
23 of the Mutual Security Act of 1958 are hereby transferred
24 to, and accepted and assumed by, the body corporate created
25 by section 202 (a) of this Act. A person serving as Man-

1 ager of the Development Loan Fund as of the date of entry
2 into force of the Mutual Security Act of 1958 shall not, by
3 reason of the entry into force of that Act, require reappoint-
4 ment in order to serve in the office of Managing Director
5 provided for in section 205 (b) of this Act.”.

6 TECHNICAL COOPERATION

7 SEC. 203. Title III of the chapter designated by para-
8 graph (2) of section 501 of this Act as chapter II of the
9 Mutual Security Act of 1954, as amended, which relates to
10 technical cooperation, is amended as follows:

11 (a) In section 304, which relates to authorization,
12 strike out “\$151,900,000” and insert in lieu thereof
13 “\$150,000,000 for use beginning in the fiscal year 1959”.

14 (b) Amend section 306, which relates to multilateral
15 technical cooperation, as follows:

16 (1) Insert “AND RELATED PROGRAMS” after “CO-
17 OPERATION” in the heading of the section; insert “and this
18 Act” after “title” in the first sentence; and insert “and
19 related” after “cooperation” in the first sentence.

20 (2) In subsection (a), which relates to contributions to
21 the United Nations expanded program of technical assistance,
22 strike out “\$15,500,000” and “1958” and substitute “\$20,-
23 000,000” and “1959”, respectively; insert “and such related
24 fund as may hereafter be established” after “Assistance”;
25 and in the proviso change “to this program” to “for such

1 purpose" and after the word "contributed" the first time it
 2 appears, strike the remainder of the subsection and insert
 3 "for such purpose and for each succeeding calendar year as
 4 much as but not to exceed 40 per centum of the total amount
 5 contributed for such purpose for that year."

6 (3) In subsection (b), which relates to contributions to
 7 the technical cooperation program of the Organization of
 8 American States, strike out "1958" and substitute "1959".

9 (c) Amend section 308, which relates to the Interna-
 10 tional Development Advisory Board, as follows:

11 (1) In the first sentence, strike out "such other officer
 12 as he may designate to administer this title"; insert before
 13 " , with respect to" the phrase "appropriate officers admin-
 14 istering nonmilitary assistance"; insert after "operation of"
 15 the phrase "the Development Loan Fund and "; and, strike
 16 out " , title II,".

17 (2) In the third sentence, insert after "groups inter-
 18 ested in the" the phrase "Development Loan Fund and
 19 above-mentioned"; insert "science," before "and education";
 20 and insert after "education" the phrase " , and may be as-
 21 sisted by advisory committees representing such groups".

22 OTHER PROGRAMS

23 SEC. 204. Title IV of the chapter designated by section
 24 501 of this Act as chapter II of the Mutual Security Act of

1 1954, as amended, which relates to other programs, is
2 further amended as follows:

3 (a) In section 402, which relates to earmarking of
4 funds, strike out "1958" in the first sentence and substitute
5 "1959".

6 (b) Repeal sections 403 and 404, which relate, re-
7 spectively, to special assistance in joint control areas and
8 responsibilities in Germany, and substitute the following new
9 section:

10 "SEC. 403. RESPONSIBILITIES IN GERMANY.—The
11 President is hereby authorized to use during the fiscal year
12 1959 not to exceed \$8,200,000 of the funds made available
13 pursuant to section 450 (a) of this Act in order to meet the
14 responsibilities or objectives of the United States in Germany,
15 including West Berlin. In carrying out this section, the
16 President may also use currency which has been or may be
17 deposited in the GARIOA (Government and Relief in Occu-
18 pied Areas) Special Account, including that part of the
19 German currency now or hereafter deposited under the
20 bilateral agreement of December 15, 1949, between the
21 United States and the Federal Republic of Germany (or
22 any supplementary or succeeding agreement) which, upon
23 approval by the President, shall be deposited in the GARIOA
24 Special Account under the terms of article V of that agree-

1 ment. The President may use the funds available for the
2 purposes of this section on such terms and conditions as he
3 may specify, and without regard to any provision of law
4 which he determines must be disregarded.”.

5 (c) Amend section 405, which relates to migrants,
6 refugees, and escapees, as follows:

7 (1) In subsection (c), strike out all following “fiscal
8 year” and substitute “1959 not to exceed \$1,200,000 for
9 contributions to the program of the United Nations High
10 Commissioner for Refugees for assistance to refugees under
11 his mandate.”.

12 (2) In subsection (d), strike out “1958” and
13 “\$5,500,000” and substitute “1959” and “\$8,600,000”,
14 respectively.

15 (d) In section 406, which relates to children’s welfare,
16 strike out “1958” and substitute “1959”.

17 (e) In section 407, which relates to Palestine refugees
18 in the Near East, insert “for the fiscal year 1959” before
19 “not to exceed” in the first sentence; and strike out “\$65,-
20 000,000” in the first sentence and substitute “\$25,000,000”.

21 (f) In section 409 (c), which relates to ocean freight
22 charges, strike out “1958” and “\$2,200,000” and substitute
23 “1959” and “\$2,100,000”, respectively.

24 (g) In section 410, which relates to Control Act ex-

1 penses, strike out "1958" in the first sentence and substitute
2 "1959".

3 (h) Amend section 411, which relates to administra-
4 tive and other expenses, as follows:

5 (1) In subsection (b), strike out "1958" and "\$32,-
6 750,000" and substitute "1959" and "\$33,000,000", re-
7 spectively; and insert "and title II of chapter II" imme-
8 diately before the close of the first parentheses;

9 (2) In subsection (c), insert "functions of the Depart-
10 ment under this Act or for" before "normal".

11 (i) In section 413 (b) (4), which relates to encour-
12 agement of free enterprise and private participation, strike
13 out "the agency primarily" and substitute "an agency"; sub-
14 stitute a colon for the semicolon at the end of subparagraph
15 (E), and add the following proviso to that subparagraph:
16 ": *Provided*, That in the event the fee to be charged for a type
17 of guaranty is reduced, fees to be paid under existing con-
18 tracts for the same type of guaranty may be similarly re-
19 duced;"; and insert after "Director of the International
20 Cooperation Administration" both times it appears in sub-
21 paragraph (F) "or such other officer as the President may
22 designate".

23 (j) Section 414 (b) of such Act, which relates to mu-
24 nitions control, is amended by adding at the end thereof the

1 following: "Such regulations shall prohibit the importation
2 or reimportation into the United States (other than for the
3 Armed Forces of the United States) of arms or ammuni-
4 tion originally manufactured for military purposes, or parts
5 thereof, except those which are curios or antiques and are not
6 in condition to be used as firearms."

7 (k) In section 419 (a), which relates to atoms for
8 peace, strike out "1958" and "\$7,000,000" in the second
9 sentence and substitute "1959" and "\$5,500,000", respec-
10 tively.

11 (l) In section 420, which relates to malaria eradica-
12 tion, delete "The" in the second sentence and insert "In ad-
13 dition to such assistance as may be furnished for this purpose
14 in accordance with the provisions of title II of chapter II,
15 the"; insert after the word "authorized" in the second sen-
16 tence "to use funds made available under this Act (other
17 than chapter I, and title II of chapter II)"; and strike out
18 the last sentence.

19 CHAPTER III—SPECIAL ASSISTANCE AND 20 CONTINGENCY FUND

21 SPECIAL ASSISTANCE

22 SEC. 301. The section of the Mutual Security Act of
23 1954, as amended, redesignated by paragraph (11) (B) of
24 section 501 of this Act as section 450 of chapter III of the

1 Mutual Security Act of 1954, as amended, which relates to
2 special assistance, is amended by striking out "1958" and
3 "\$250,000,000" in the first sentence of subsection (a) and
4 inserting in lieu thereof "1959" and "\$185,000,000", re-
5 spectively; and by striking out all following "stability" in
6 the first sentence and all of the last sentence and inserting
7 a period.

8 PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY
9 FUND

10 SEC. 302. The section of the Mutual Security Act of
11 1954, as amended, redesignated by paragraph (11) (B)
12 of section 501 of this Act as section 451 of chapter III of
13 the Mutual Security Act of 1954, as amended, which relates
14 to the President's special authority, is amended as follows:

15 (a) Insert "AND CONTINGENCY FUND" after "AUTHOR-
16 ITY" in the heading of this section.

17 (b) Subsection (a) is amended as follows:

18 (1) In the first sentence, insert "for use" after "made
19 available"; strike out "such use by section 400 (a) of this
20 Act" and substitute "use under this subsection by subsection
21 (b) of this section"; strike out "pursuant to authorizations
22 contained in" and substitute "for use under"; and

23 (2) In the second and last sentence strike out "section"
24 both times it appears and substitute "subsection".

1 (c) Redesignate subsection (b) as subsection (c), and
2 insert the following new subsection (b) :

3 “(b) There is hereby authorized to be appropriated to
4 the President for the fiscal year 1959 not to exceed \$100,-
5 000,000 for assistance authorized by this Act, other than by
6 title II of chapter II, in accordance with the provisions of
7 this Act applicable to the furnishing of such assistance. Any
8 of the funds authorized to be appropriated pursuant to this
9 subsection for any fiscal year may be used in such year in
10 accordance with the provisions of subsection (a) of this
11 section.”

12 (d) In the last sentence of subsection (c), insert “sub-
13 section (a) of” after “under”.

14 CHAPTER IV—GENERAL AND ADMINISTRATIVE 15 PROVISIONS

16 GENERAL PROVISIONS

17 SEC. 401. The chapter designated by paragraph (15) of
18 section 501 of this Act as chapter IV of the Mutual Security
19 Act of 1954, as amended, which relates to general and
20 administrative provisions, is further amended as follows:

21 (a) Section 509, which relates to shipping on United
22 States vessels, is amended by adding the following new sen-
23 tence at the end thereof: “Sales of fresh fruit and the prod-
24 ucts thereof under this Act shall be exempt from the require-
25 ments of the cargo preference laws (Public Resolution 17,

1 Seventy-third Congress, and section 901 (b) of the Mer-
2 chant Marine Act, 1936, as amended).”.

3 (b) Section 510, which relates to purchase of commodi-
4 ties, is amended by striking out “title II or” in the first sen-
5 tence.

6 (c) Add the following new sections immediately after
7 section 515:

8 “SEC. 516. PROHIBITION AGAINST DEBT RETIRE-
9 MENT.—None of the funds made available under this Act nor
10 any of the counterpart funds generated as a result of assist-
11 ance under this Act or any other Act shall be used to make
12 payments on account of the principal or interest on any debt
13 of any foreign government or on any loan made to such gov-
14 ernment by any other foreign government; nor shall any of
15 these funds be expended for any purpose for which funds
16 have been withdrawn by any recipient country to make pay-
17 ment on such debts: *Provided*, That to the extent that funds
18 have been borrowed by any foreign government in order to
19 make a deposit of counterpart and such deposit is in excess
20 of the amount that would be required to be deposited pur-
21 suant to the formula prescribed by section 142 (b) of this
22 Act, such counterpart may be used in such country for any
23 agreed purpose consistent with the provisions of this Act.

24 “SEC. 517. COMPLETION OF PLANS AND COST ESTI-
25 MATES.—After June 30, 1958, no agreement or grant which

1 constitutes an obligation of the United States under section
2 1311 of the Supplemental Appropriation Act, 1955, shall be
3 made for any assistance authorized under title I or III (ex-
4 cept section 306) of chapter II, or section 450 (a) —

5 “(1) if such agreement or grant requires substan-
6 tive technical or financial planning, until engineering,
7 financial, and other plans necessary to carry out such
8 assistance, and a reasonably firm estimate of the cost to
9 the United States of providing such assistance, have
10 been completed; and

11 “(2) if such agreement or grant requires legislative
12 action within the recipient country, unless such legisla-
13 tive action may reasonably be anticipated to be com-
14 pleted within one year from the date the agreement or
15 grant is made.

16 All funds obligated for assistance pursuant to each agree-
17 ment or grant described in subparagraph (1) or (2) of this
18 section shall be used only to liquidate the obligations pursu-
19 ant to such agreement or grant, and any funds not so used
20 shall revert to the Treasury of the United States. This sec-
21 tion shall not apply to any assistance furnished for the sole
22 purpose of preparation of engineering, financial, and other
23 plans.

24 “SEC. 518. PROTECTION OF UNITED STATES ECON-
25 OMY.—Operations under titles I and II of chapter II shall

1 be reviewed at least once a year by a committee composed
2 of the Secretary of State, the Secretary of the Treasury, the
3 Secretary of Commerce, the Secretary of Labor, and the
4 Secretary of Agriculture for the purpose of determining
5 whether such operations have adversely affected the economy
6 of the United States, with special reference to areas of
7 substantial labor surplus. If the committee finds that the
8 economy of the United States in general or any area of
9 substantial labor surplus in particular has suffered undue
10 adverse effects as a result of such operations, the committee
11 shall make appropriate recommendations to the President
12 and the Congress.”.

13 (d) Section 537, which relates to provisions on uses
14 of funds, is amended as follows: in subsection (a) (1), strike
15 out “for the fiscal year 1958”; and in subsection (c), strike
16 out “Not to exceed \$18,000,000” and substitute “Notwith-
17 standing the provisions of section 406 (a) of Public Law
18 85-241, not to exceed \$26,000,000”, and add the following
19 new clause before the period: “, and not to exceed \$2,750,-
20 000 of funds made available for assistance in other countries
21 under this Act may be used (in addition to funds available
22 for such use under other authorities in this Act) for construc-
23 tion or acquisition of such facilities for such purposes else-
24 where”.

25 (e) Amend section 543 (d), which relates to saving

1 provisions, by striking out “Act of 1956 or the Mutual Se-
2 curity Act of 1957” and substituting “Act of 1956, 1957,
3 or 1958” in the first sentence and by inserting the follow-
4 ing new sentence after the second sentence: “Until June 30,
5 1958, funds used for the purposes of this Act shall be so
6 used in accordance with the provisions of this Act as in
7 effect prior to the effective date of the Mutual Security Act
8 of 1958.”.

9 (f) Amend section 545, which relates to definitions,
10 as follows:

11 (1) In subsection (j), insert “the Development Loan
12 Fund and” after “refer to” and strike out “title II,”.

13 (2) In subsection (k), insert “the Board of Directors
14 of the Development Loan Fund and” after “refer to” and
15 strike out “title II,”.

16 CHAPTER V—REORGANIZATION OF MUTUAL
17 SECURITY ACT OF 1954 AND AMENDMENTS
18 TO OTHER LAWS

19 REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

20 SEC. 501. The Mutual Security Act of 1954, as amended,
21 is further amended as follows:

22 (1) Strike out the heading of title I and of chapter I
23 of such title, and immediately before section 101, insert the
24 following:

1 “CHAPTER I—MILITARY ASSISTANCE”

2 (2) Immediately above section 131, strike out the
3 chapter heading and insert in lieu thereof the following:

4 “CHAPTER II—ECONOMIC ASSISTANCE

5 “TITLE I—DEFENSE SUPPORT”

6 (3) In section 131 (a), strike out “chapter 1 of this
7 title” and insert in lieu thereof “chapter I”.

8 (4) In section 131 (d), immediately after “title”, insert
9 “or chapter I”.

10 (5) Immediately above section 141, strike out the
11 chapter heading.

12 (6) In section 141, immediately after “title” both times
13 it appears insert “or chapter I”.

14 (7) (A) In section 142 (a), strike out “chapter 1 of
15 this title” each place it appears and insert “chapter I”.

16 (B) In such section 142 (a), strike out “under this
17 title” and “purposes of this title” each place they appear
18 and insert “under chapter I or under this title”, and “pur-
19 poses of chapter I or of this title”, respectively.

20 (8) Section 142 (b) is amended by striking out “chap-
21 ter 3 of title I of this Act” and inserting in lieu thereof
22 “this title”.

23 (9) Section 144 is amended by inserting immediately
24 after “under this title” the following: “or chapter I”.

1 (10) Section 202 (b) is amended by striking out “401
2 (a)” and inserting in lieu thereof “451 (a)”.

(11) (A) Immediately after section 420, insert the following new chapter heading:

5 “CHAPTER III—SPECIAL ASSISTANCE AND
6 CONTINGENCY FUND”

(B) Sections 400 and 401 are redesignated as sections 450 and 451, respectively, of chapter III.

9 (12) Section 405 (d) is amended by striking out “401”
10 and inserting in lieu thereof “451”.

(13) Section 410 is amended by striking out “chapter 1
of title I” and inserting in lieu thereof “chapter I”.

13 (14) Section 411 (b) is amended by striking out
14 “chapter 1 of title I” and inserting in lieu thereof “chapter
15 I”.

(15) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

19 “CHAPTER IV—GENERAL AND ADMINISTRA-
20 TIVE PROVISIONS”

21 (16) Section 503 is amended by striking out “chapter
22 1 of title I” and inserting in lieu thereof “chapter I”.

(17) (A) Section 504 (a) is amended by striking out “titles II, III, and IV, and chapter 3 of title I,” and inserting in lieu thereof “chapters II and III”.

1 (B) Section 504 (c) is amended by striking out “chap-
2 ter 1 of title I” and inserting in lieu thereof “chapter I”.

3 (18) (A) The first sentence of section 510 is amended
4 by striking out “chapter 3 of title I” and inserting in lieu
5 thereof “title I of chapter II”.

6 (B) The third sentence of section 510 is amended by
7 striking out “title II or chapter 3 of title I” and inserting in
8 lieu thereof “title I or II of chapter II”.

9 (19) Section 511 (a) is amended by striking out “title
10 I” and inserting in lieu thereof “chapter I or title I of
11 chapter II”.

12 (20) Section 511 (c) is amended by striking out
13 “chapter 1 of title I” and inserting in lieu thereof “chapter
14 I”.

15 (21) Section 513 is amended by striking out “401” and
16 inserting in lieu thereof “451”.

17 (22) Immediately above section 521, strike out the
18 chapter heading.

19 (23) In section 521 (b), insert “of chapter II” im-
20 mediately after “title III”.

21 (24) In section 521 (c), strike out “chapter 3 of title
22 I” and insert in lieu thereof “title I of chapter II”.

23 (25) Sections 522 (c) and 522 (d) are each amended
24 by striking out “chapter 1 of title I” and inserting in lieu
25 thereof “chapter I”.

1 (26) Section 523 (c) (2) is amended by striking out
2 “chapter 1 of title I” and inserting in lieu thereof “chapter
3 I”.

4 (27) Section 524 is amended by striking out “chapter
5 1 of title I” and inserting in lieu thereof “chapter I”.

6 (28) Section 534 is amended by striking out “400”
7 and inserting in lieu thereof “450”.

8 (29) The portion of section 537 (a) which precedes
9 paragraph (1) is amended by striking out “chapter 1 of title
10 I” and inserting in lieu thereof “chapter I”.

11 (30) Section 537 (d) is amended by striking out “400
12 (a)” and inserting in lieu thereof “450 (a)”.

13 (31) Immediately above section 541, strike out the
14 chapter heading.

15 (32) Section 545 (c) is amended by striking out
16 “chapter 1 of title I” and inserting in lieu thereof “chapter
17 I”.

18 (33) Section 545 (h) is amended by striking out
19 “chapter 1 of title I” each place it appears and inserting
20 in lieu thereof “chapter I”.

21 (34) Sections 545 (j) and 545 (k) are each amended
22 by striking out “chapter 3 of”, and by inserting “of chapter
23 II or under chapter III” immediately after “title IV”.

24 (35) Section 549 is amended by inserting “of chapter
25 II” immediately after “title III”.

AMENDMENTS TO OTHER LAWS

SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

(1) In subsection (a) of the first section, insert the following new subparagraph between subparagraph (4) and the last five lines:

“(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees

1 are engaged in work performed thereunder, the said
2 security for the payment of such compensation and
3 benefits, but nothing in this paragraph shall be construed
4 to apply to any employee of such contractor or sub-
5 contractor who is engaged exclusively in furnishing
6 materials or supplies under his contract;”.

7 (2) In subsection (e) of such section, strike “(3) or
8 (4)” in the last sentence and substitute therefor “(3), (4),
9 or (5)”.

10 (3) In subsection (f) of such section, insert “or
11 in any work under subparagraph (5) subsection (a) of this
12 section” between “this section” and “shall not apply”.

13 (b) In the first section of the Act of June 28, 1935, as
14 amended (49 Stat. 425), strike out “\$30,000” and insert
15 “\$33,000”, and strike out “\$15,000” the first time it ap-
16 pears and insert “\$18,000”.

17 (c) In section 101 of the Government Corporation
18 Control Act, as amended (31 U. S. C. 846), insert “Devel-
19 opment Loan Fund;” before “Institute of Inter-American
20 Affairs”.

21 (d) In section 2 of the Act of July 11, 1956 (70 Stat.
22 523), strike out all beginning with “An” down through
23 “Conference and” and substitute “There is authorized to be
24 appropriated annually, for the annual contribution of the
25 United States toward the maintenance of the North Atlantic

1 Treaty Organization Parliamentary Conference, such sum as
2 may be agreed upon by the United States Group and ap-
3 proved by such Conference, but in no event to exceed for
4 any year an amount equal to 25 per centum of the total
5 annual contributions made for that year by all members of
6 the North Atlantic Treaty Organization toward the main-
7 tenance of such Conference, and”.

8 (e) Section 5 of the Act of July 30, 1946 (22 U. S. C.
9 287q) is amended by the addition of the following sentences
10 at the end thereof: “The National Commission is further
11 authorized to receive and accept services and gifts or be-
12 quests of money or materials to carry out any of the educa-
13 tional, scientific, or cultural purposes of the National Com-
14 mission as set forth in this Act and in the constitution of the
15 Organization. Any money so received shall be held by the
16 Secretary of State and shall be subject to disbursement
17 through the disbursement facilities of the Treasury Depart-
18 ment as the terms of the gift or bequest may require and
19 shall remain available for expenditure by grant or otherwise
20 until expended: *Provided*, That no such gift or bequest may
21 be accepted or disbursed if the terms thereof are inconsistent
22 with the purposes of the National Commission as set forth in
23 this Act and in the constitution of the Organization. In no
24 event shall the National Commission accept gifts or bequests
25 in excess of \$200,000 in the aggregate in any one year.

1 Gifts or bequests provided for herein shall, for the purposes
2 of Federal income, estate, and gift taxes, be deemed to be a
3 gift to or for the United States. The National Commission
4 and Secretary of State shall submit to Congress annual re-
5 ports of receipts and expenditures of funds and bequests
6 received and disbursed pursuant to the provisions of this
7 section.”

8 (f) The portion of subsection (a) of section 2 of the
9 joint resolution of June 30, 1948, as amended (22 U. S. C.
10 272a (a)), which precedes “, as apportioned” is amended
11 to read as follows: “(a) such sums as may be necessary
12 for the payment by the United States of its share of the ex-
13 penses of the Organization, but not to exceed 25 per centum
14 of such expenses”.

15 (g) Section 101 (a) of the War Hazards Compens-
16 sation Act, as amended (42 U. S. C. 1701), is further
17 amended by inserting the following subparagraph between
18 subparagraph (3) and the last 15 lines: “or (4) to any per-
19 son who is an employee specified in section 1 (a) (5) of
20 the Defense Base Act, as amended, if no compensation is
21 payable with respect to such injury or death under such
22 Act, or to any person engaged under a contract for his per-
23 sonal services outside the United States approved and
24 financed by the United States under the Mutual Security
25 Act of 1954, as amended (other than title II of chapter II

1 thereof) : *Provided*, That in cases where the United States
2 is not a formal party to contracts approved and financed
3 under the Mutual Security Act of 1954, as amended, the
4 Secretary, upon the recommendation of the head of any de-
5 partment or agency of the United States, may, in the exercise
6 of his discretion, waive the application of the provisions of
7 this subparagraph with respect to any such contracts, sub-
8 contracts, or subordinate contracts, work location under such
9 contracts, subcontracts, or subordinate contracts, or classifi-
10 ation of employees."

85TH CONGRESS
2D SESSION

H. R. 12181

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. MORGAN

APRIL 28, 1958

Referred to the Committee on Foreign Affairs

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 30, 1958
For actions of April 29, 1958
85th-2d, No. 67

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HIGHLIGHTS: House committee ordered reported bill to extend mutual security program. Rep. Sullivan criticized Secretary's suspension of poultry inspection regulation. Sen. Watkins introduced and discussed bill to extend and expand fish and wildlife conservation programs.

SENATE

1. FORESTRY. The Interior and Insular Affairs Committee ordered reported with amendments S. 3051, to provide alternatives of either private or Federal acquisition of the part of the Klamath Indian forest lands which must be sold under the termination act. p. D362
Sen. Neuberger inserted an article he wrote, "Solving the Stubborn Klamath Dilemma," in which he urged that the Federal Government acquire the Klamath lands for the National Forest system. pp. 6823-5
2. SALINE WATER. The Interior and Insular Affairs Committee ordered reported with amendments S. J. Res. 135, to authorize the Interior Department to construct and operate a salt-water conversion demonstration plant. p. D363
3. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment S. Res. 299, to accelerate construction of various reclamation projects in 17 Western States. Sens. Anderson, Johnson, and Case, S. D., discussed the measure, which would increase reclamation spending for 1959 from \$230 million as proposed by the President, to \$300 million..pp. 6847-8

4. FARM PROGRAM. Sen. Javits inserted his report to his constituents on recent actions of Congress, explaining his position on the dairy and farm price support and acreage allotment freeze measures, and his support for extension of Public Law 480 and other programs. pp. 6812-15
5. ECONOMIC SITUATION. Sen. Johnson commended the Senate for passing various measures to combat recession and urged the House to act on the measures. p. 6791
Sen. Humphrey inserted six articles on the present economic situation, and asserted that action was needed to halt recession. pp. 6818-23
6. WHEAT AGREEMENT. Sen. Humphrey inserted a pamphlet, "The Arab Campaign Against American Jews," which included a section on the effect of an alleged boycott on the International Wheat Agreement. The pamphlet states that Arab refusal to handle wheat shipped on "blacklisted" vessels increases shipping costs which are paid in part (through Federal subsidy) by American taxpayers. pp. 6817-18
7. YOUTH CONSERVATION. Sen. Humphrey inserted a resolution of the Lewiston, Idaho, Farmers Union local, urging enactment of S. 3582 to establish a Youth Conservation Corps. p. 6795
8. INTERIOR APPROPRIATIONS. The Interior Department and related agencies appropriation bill for 1959, including Forest Service items, H. R. 10746, was made the Senate's pending business, and Sen. Johnson announced that it would be considered Wed., Apr. 30. p. 6846

HOUSE

9. MUTUAL SECURITY. The Foreign Affairs Committee ordered reported H. R. 12181, to extend the mutual security program. p. D364
10. CONTRACTS. Both Houses received from GSA a report on contracts negotiated for research and development purposes for the six-month period ending Dec. 31, 1957. pp. 6793, 6886
11. COPYRIGHTS. The Judiciary Committee reported with amendment H. R. 8419, to provide a legal remedy for owners of copyrights against infringements by the U. S. p. D365
12. PERSONNEL. The Judiciary Committee tabled H. R. 4757 and 5267 to grant certain employees of the Departments of Labor, Commerce, HEW, the General Services Administration, and Federal probation officers protection of the Criminal Code against assaults and homicides. p. D365
13. LEGISLATIVE PROGRAM. Rep. McCormack announced that the bill to extend unemployment compensation benefits would be taken up Wed., Apr. 30, and would probably be debated for the remainder of the week. p. 6872

ITEMS IN APPENDIX

14. ELECTRIFICATION. Extension of remarks of Sen. Neuberger inserting an article, "The Columbia: Mightiest Power Builder on Earth," describing the water and power resources of the Columbia River. pp. A3863-4
Rep. Scudder inserted an editorial favoring the proposed Trinity River project. pp. A3877-8

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 8, 1958
For actions of May 7, 1958
35th-2d, No. 72

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HIGHLIGHTS: House Rules Committee cleared bill to transfer certain functions under Packers and Stockyards Act to FTC. House passed bill to fix price support on extra long-staple cotton at 60 to 75 percent of parity. House committee reported bill to extend mutual security program. Rep. Bow urged rejection of quotas in wheat referendum.

HOUSE

1. PACKERS AND STOCKYARDS. The Rules Committee reported a resolution for consideration of H. R. 9020, to transfer certain functions under the Packers and Stockyards Act from this Department to the Federal Trade Commission. p. 7402
2. COTTON. Passed without amendment H. R. 11399, to authorize the Secretary to set the level of price support for extra long-staple cotton at between 60 to 75 percent of parity. p. 7389
3. MUTUAL SECURITY. The Foreign Affairs Committee reported without amendment H. R. 12181, to extend the mutual security program (H. Rept. 1696). p. 7402
4. WEATHER MODIFICATION. The Interstate and Foreign Commerce Committee reported with amendment S. 86, to provide for a research program in the field of weather modification to be conducted by the National Science Foundation (H. Rept. 1695). p. 7402
5. EXPORT-IMPORT BANK. The Rules Committee reported a resolution for consideration of H. R. 10459, to increase the lending authority of the Export-Import Bank of Washington. p. 7402

6. VIRGIN ISLANDS. The Interior and Insular Affairs Committee ordered reported H. R. 12226, to extend the charter of the Virgin Islands Corporation to June 30, 1969. p. D394
7. FORESTRY. The Interior and Insular Affairs Committee ordered reported H. R. 6198, to transfer approximately 6,000 acres of land from the Sequoia National Park to the Sequoia National Forest, Calif. p. D394
8. WHEAT QUOTAS. Rep. Bow urged all eligible farmers to vote in the wheat quota referendum to be held June 20, stating that "in my own district we have a growing spirit of rebellion against the wheat law," and that "last year 22.6 percent of the farmers eligible to vote placed marketing quotas in effect on all wheat farmers." He also inserted a newspaper editorial urging wheat farmers to vote in the referendum. p. 7401
9. ECONOMIC SITUATION. Rep. Reuss urged a program to raise incomes and lower prices, including direct production payments to family-sized farms, and inserted a newspaper article discussing the current income and price situation. pp. 7392-94
10. BEANS. Rep. Bentley discussed increased production and consumption of beans. p. 7390
11. RECIPROCAL TRADE. Rep. Baily urged greater congressional control over reciprocal trade agreements, and urged "legislation that would restore congressional control at the very minimum to the point of controlling the escape clause remedy." pp. 7399-7400
12. POSTAL RATES. The "Daily Digest" states that conferees continued to resolve differences on the postal rate and pay increase bill, and "announced that agreement had been reached on a preferential rate of 2 cents for handwritten Government post cards." p. D396

SENATE

13. FORESTRY. Passed as reported S. 3051, to provide alternatives of either private or Federal acquisition of the part of the Klamath Indian forest lands which must be sold under the Termination Act. pp. 7352-63
Sen. Neuberger inserted an article urging passage of the Klamath bill. p. 7335
Sen. Wiley inserted a letter from the Menominee Coordinating and Negotiating Committee urging full Federal reimbursement for the sums spent by the Menominees in preparing for the Termination Act to become effective and opposing any change in the Termination Act. pp. 7334-5
Sen. Javits inserted resolutions of two N. Y. County Boards urging that the last day of April be fixed as National Arbor Day. p. 7326
14. FOREIGN AID. Sen. Wiley submitted an amendment to S. 3318, to extend the Mutual Security Act, which would make certain authorizations permanent, including technical aid, with the Organization of American States, refugee relief, the U. N. children's fund, ocean freight relief shipment charges, and Battle Act expenses. p. 7331
Sen. Mansfield submitted an amendment to this bill, to transfer the functions of the International Cooperation Administration to the Department of State. pp. 7331-2

MUTUAL SECURITY ACT OF 1958

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H. R. 12181

TO AMEND FURTHER THE MUTUAL SECURITY ACT
OF 1954, AS AMENDED, AND FOR OTHER PURPOSES



MAY 7, 1958.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

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MUTUAL SECURITY ACT OF 1958

MAY 7, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H. R. 12181]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

INTRODUCTION

Starting February 18, 1958, the committee spent 2 months holding hearings on the Executive request for extension of the mutual security program. During that time the committee held 42 meetings and heard 91 witnesses. In addition to its questioning during the hearings, the committee submitted over 300 written questions to the Executive. Written answers have been included in the printed hearings except for a few answers which are classified. These classified answers are available in the Foreign Affairs Committee room to any Member of the House who will respect the classification.

The present bill extends the various programs, authorizes \$2,958 million which is \$339 million less than the Executive request and makes various changes in the basic law to tighten up the administration of the program and more clearly to separate military assistance from economic aid.

For fiscal year 1958, \$3,435,810,000 was appropriated, of which \$667,050,000 was reappropriation of funds previously appropriated.

A table showing the reductions is found on page 9.

The committee reduced the amounts in four instances and increased the amount in one. Each reduction represented the committee's collective judgment as an adjustment that could safely be made without endangering the program after careful review of the amounts recommended by the executive branch for each country. The amount programed for individual countries, except for technical cooperation, is not made public. In the case of military assistance it would benefit our enemies to know how much each country is to get. In the case of economic assistance we delay giving out information as to amounts for specific countries before congressional action has been completed

on appropriations in order to avoid unnecessary disappointment. As the acting chairman announced on March 20 in the Congressional Record, any Member of the House can, however, examine the programs for every country in the Foreign Affairs Committee room or at the committee table during the consideration of the bill on the floor if he will respect the classification of the information.

Under these circumstances we have not specified in the bill, nor included in this report, the country programs which we believe can be safely reduced or reprogramed.

The reductions we have made will require the Executive to revise certain of its priorities and to reconsider its programs. Further cuts in the authorizations would involve the elimination or curtailment of important phases of the program.

I. EFFECTIVENESS OF THE MUTUAL SECURITY PROGRAM

The world situation is tense, there is armed conflict in certain areas, deep-rooted hostilities between nations appear in a number of instances to be increasing in intensity, and a few nations in various parts of the world are pursuing courses which increase their susceptibility to Soviet subversion. The value of the mutual security program has been questioned because a decade of United States foreign aid has not firmly established world peace, has not assured the economic health of all nations, and has not reconciled all chronic enmities.

The fact is that most of the present day controversies between nations have been either initiated or aggravated by the deliberate action of the Soviet Union, and all of them constitute potential threats to the peace of the world because of the determined efforts of the Soviet Union to promote dissension. Nothing should be permitted to obscure the fact that the key to present world tensions and the continuing succession of international crises is Soviet aggression and its avowedly unchanged objective of world domination.

A cold war must inevitably be long and frustrating. In a hot war it is possible to direct action against the center of enemy power. In a cold war we find it necessary to direct our efforts to all parts of the world and to adjust their scale to the psychological and political reactions of others rather than to our own sense of urgency.

The termination or drastic curtailment of the mutual security program would inevitably mean that we would lose the cold war. The Committee on Foreign Affairs can find no justification for the United States deliberately to choose such a course. We do not believe that our cold war strategy should be abandoned.

One of the major objectives of United States foreign policy is to prevent any more of the material or human resources of the world from falling under Soviet domination. While the danger that this may occur persists and while there are certain areas where the Soviet leaders are undoubtedly encouraged by the results of their efforts, there is no reason for believing that the United States would be more secure or that the prospect for world peace would be improved if we quit trying and, by default, allowed the Communists to take over. On the contrary, the mutual security program has not only stimulated the freedom orientation of many areas but will be a major factor in future progress toward world peace.

We have entered into commitments with 42 nations in all parts of the world for our common defense. In this era of nuclear weapons and of the beginnings of the penetration of outer space, mili-

tary strategy is being revised rapidly. The nations which receive military assistance from us understandably have doubts as to the nature of the military attack which they should be prepared to meet and of the role they may be called on to assume in the common defense. This bill authorizes funds for providing our allies with new weapons which will enable them to meet the strategic requirements of the future. It is essential, however, that we continue to supply weapons which are necessary to the strategy of today.

We assume a risk that, in the light of new developments, certain of our allies may withdraw from or revise their commitments. We may need to modify or revise our strategic concepts. Nevertheless, there is no discernible justification for us to take the initiative in dismantling the defense structure which has been developed. Our overseas bases are of increasing importance to our mutual security. Without the mutual security program our rights and all of the present bases would be jeopardized and the loss of some of them would be inevitable. It is essential to our security that we continue to give assistance to foreign nations.

Since World War II, 20 nations with a population of nearly 800 million have attained national independence. Our relations with them are of immediate and long-range importance. Certain of these countries, because of their strategic locations or because of their natural resources, would greatly strengthen the Soviet Union and its satellites if they came under Communist domination. A generation from now the peace of the world as well as our own prosperity may depend to a considerable degree on the manner in which the new nations of Asia and Africa have developed their own political, economic, and social potentials through their newfound national independence. We want these new nations, devoted to their own development, to become increasingly powerful friends of all nations enjoying national independence and to recognize that interdependence is essential to independence. We also want them to recognize that with independence comes responsibility to maintain the liberties the free world strives to secure.

Most of the newer nations are concerned primarily with their own immediate internal problems. They have been preoccupied so long with their struggle against the former colonial powers that they are often motivated more by fear of the old colonialism than they are apprehensive over the real and present dangers with which Communist colonialism confronts them.

Nevertheless, several of these nations, in spite of their proximity to Communist territory, have stood firm against Communist pressure and are depending on us for encouragement and support. Others maintain a policy of what they regard as neutrality. By withdrawing our aid to such countries or by imposing rigid conditions as to its use, we could make it more difficult for them to maintain their independence. We are undoubtedly taking a risk in certain instances that beneficiaries of our assistance may some day succumb to Communist subversion. In a few instances the situation is sufficiently uncertain as to require constant appraisals as to whether our aid should continue. It is difficult to see, however, how the United States would strengthen its position by discontinuing our efforts to develop satisfactory relationships with such countries.

The accomplishments of our aid program during the past decade give us confidence as to its future contributions. Western Europe has recovered in large measure its economic health. The countries on the

periphery of the Communist land mass have stood firm against Communist pressures and blandishments. Communist infiltration in Greece and Iran has been turned back. Formosa, South Korea, and Vietnam are going concerns. NATO and SEATO have become vital regional groupings. These, our bases, and the forces of other friendly nations are a bulwark of our security. Economic aid and technical cooperation have established beachheads of hope and respect in Africa, the Middle East, south Asia, southeast Asia, and Latin America. These achievements, accomplished in a little over 10 years of pioneering effort, constitute a record equaled by no other nation.

II. ADMINISTRATION AND CONTROL OF MUTUAL SECURITY PROGRAM

The committee has given particular consideration this year to the administration and control of the mutual security program. A study has been made of the reports of the General Accounting Office on various aspects of the program and of the reports of three subcommittees of the Committee on Government Operations which investigated certain phases of the mutual security program. Testimony has been heard from the Comptroller General and members of his staff, as well as from the chairmen and certain members of subcommittees of the Committee on Government Operations. Representatives of the Department of Defense and of the International Cooperation Administration gave detailed testimony on points raised in the General Accounting Office and the subcommittee reports and submitted written answers to questions from the committee on issues discussed in these reports.

The Comptroller General of the United States testified before the committee that he had found no instances of fraud in the operation of the mutual security program (hearings, p. 51; also p. 18).

The committee also gave attention to a wide range of criticisms and charges, which have been widely publicized, relating to the program by various individuals. Specific requests were made to the Executive for detailed information regarding some 90 reported incidents or criticisms reflecting on the effectiveness of foreign-aid operations. Explanations and comments in respect to these requests will be found on pages 837-892 and 1447-1454 of the hearings.

Careful investigation has made clear that many widely circulated charges concerning the mutual security program have no basis in fact. In one instance, official records contradict a report acknowledged to be based on conversations with the hotel concierge and a chauffeur.¹

Numerous other criticisms involve differences in judgment as to what action should have been taken in specific situations. For instance, the fact that the United States has financed airfields in an underdeveloped country has been criticized on the ground that the country is so primitive that highways are more sorely required. The necessity for air transport and rapid communication in the subject country is considered essential by our representatives on the grounds that airlines linking a nation bordering on Soviet territory with the free world procure many intangible benefits and act as an additional deterrent to aggressive moves by the Soviets. Furthermore, because of the mountainous terrain, officials of the recipient government agree with our own representatives that construction of roads connecting

¹ See hearings, pp. 1390 and 1441.

major population centers, which would cost hundreds of millions of dollars, would contribute less to the immediate requirements of the country than the development of air transport involving a United States outlay of less than \$15 million.

Judgment was involved in another case where construction of an airbase with United States funds was criticized because the runways were considered longer and the facilities more elaborate than necessary to the operations of the country's small air force. Circumstances may arise, however, under which the runways and facilities would be of inestimable value to the United States and Allied Air Forces. From the point of view of political realities, it is frequently better not to insist on too rigid a determination as to what planes will use a specific field under what circumstances.

Remedial action already initiated

According to representatives of the General Accounting Office, the Executive has given serious attention to improving the administration of the mutual security program, and it is in better shape than in previous years (hearings, pp. 52-53). The Comptroller General reported to the committee that—

* * * we have been impressed with the efforts made over the last 2 years by Defense officials to improve their administration of this complex and costly program and with the degree of improvement already attained.

In most of the cases where there was valid evidence of ineffective administration or inadequate control, the responsible officials had either discovered the shortcomings and taken remedial actions on their own initiative or had accepted and proceeded to implement the recommendations of the General Accounting Office when an unsatisfactory situation was called to their attention.

During late 1956 and early 1957 the General Accounting Office studied the military assistance programs in 9 countries. On March 31, 1957, the General Accounting Office completed reports on each of the 9 countries. Six reports were sent to the committee in late August, two in October, and one in January 1958. Many of the deficiencies found by the General Accounting Office had already been corrected by the time the committee received the reports.

The Comptroller General reported that the military assistance program had never been subject to a systematic and continuous internal audit and management review. Inquiry by the committee developed the fact that this did not mean that the books of the military assistance program had not been audited. The procurement and delivery of and bookkeeping for military assistance is handled by the Army, Navy, or Air Force, depending on the type of assistance involved. The operations of each of these services in connection with the military aid program are audited by the auditors of the respective services in the same manner that all of the other operations of each service are audited. The missing element pointed out by the General Accounting Office was an independent and separate audit of the military assistance program as a whole. The Defense Department has acceded to the recommendation of the General Accounting Office, and on December 30, 1957, ordered the initiation of a comprehensive internal audit of the military assistance program which will be carried on within the audit policies of the General Accounting Office.

On January 16, 1958, a subcommittee of the House Committee on Government Operations issued a report that was critical of the operation of the military assistance program in Europe. The subcommittee recommended that—

the Department of Defense take immediate action to review and reappraise the military assistance program in the light of the Comptroller General's conclusions and recommendations.

It requested a report from the Department by April 1, 1958. In a second report of April 18, 1958, the subcommittee reported that it—

was impressed with the efforts being made by the Comptroller of the Department of Defense and other defense officials to improve the administration of the military assistance program and with the degree of improvement already attained.

This is further evidence that the executive branch is maintaining a sustained effort to overcome deficiencies in the program. The committee will continue to investigate all reports of inefficiency and maladministration with a view to effecting prompt corrective action.

Further tightening of administration and control necessary

After making full allowance for criticisms not based on fact, for differences in judgment and for reforms already initiated, the Committee on Foreign Affairs recognizes that there are certain aspects of the program where a closer scrutiny and a further tightening of administration and control is necessary. One general situation where improvement is desirable is the use of funds in a number of the newer nations where the experience of local officials and traditions of public service are not entirely satisfactory. It would not serve the interests of the collective security effort to withhold our assistance from all governments which are not efficiently organized and equipped with qualified personnel, according to rigid criteria. Nevertheless, the committee has received information, including testimony of ICA officials, that in some instances our assistance has been used for purposes not consistent with the best interests of the recipient countries or of the United States. This is a legitimate cause for concern and one to which the committee has given close study.

There are limits on the extent to which legislative action can bring about improvement in administrative judgment and procedure. The committee has, however, reduced the authorizations for certain phases of the mutual security program in the belief that a restriction on the funds available should lead to greater austerity in the types of assistance rendered to such countries and a limitation of expenditures to items of higher priority than has sometimes been the case in the past.

Another aspect of the operation of the program where a revision of procedures is recommended is to require a greater degree of completeness and maturity of projects before funds are voted by Congress for their financing. The International Cooperation Administration and its predecessor agencies have submitted annually their requests for authorization and appropriation of funds on the basis of so-called illustrative programs, which do not represent firm agreements between the United States and the recipient country as to what assistance is to be provided or complete specifications as to any construction to be

undertaken. Furthermore, funds have been obligated, and consequently carried forward from year to year until expended, on the basis of an agreement with a foreign government even though such agreement has not been supported by construction or procurement contracts. The result is that funds have been appropriated by the Congress to build factories and for other projects 2 or 3 years, in a number of cases, before the engineering plans and enabling legislation in the beneficiary country had been completed.

While notice to the legislative committees is required, pursuant to section 513 of the existing law, when actual programs differ substantially from the presentations made to the committees, the committee recognizes the inevitability of delays in negotiating and planning projects with foreign governments, particularly in the less developed countries. It fully approves the desire of our officials to proceed with caution and to delay actual expenditure of funds until all problems have been worked out. It should not be necessary for the United States, however, to appropriate funds until the process of planning, organization and taking the necessary legal and legislative action in the recipient country is further advanced than is the present practice.

The committee has included in this bill (sec. 401 (c)) a provision intended to require a substantial revision of International Cooperation Administration practice in this respect. It should in the future prevent the International Cooperation Administration from requesting the appropriation of funds or from obligating funds already appropriated until our own officials and the recipient country have reached a firm decision as to what is contemplated jointly to be done: when, where, and at what cost.

Evidence presented to the committee revealed that the chiefs of certain United States military assistance advisory groups were not fully aware of the nature and significance of essential aspects of the mutual security program in the countries to which they were assigned. Immediate action should be taken to correct this situation and we trust that the program orientation and training course recently inaugurated by the Department of Defense will contribute to the solution of this problem.

The committee heard testimony from Hon. Franklin G. Floete, Administrator, General Services Administration, concerning the administration of transportation functions within the International Cooperation Administration and concerning the procurement of transportation for ICA financed commodities. The committee was pleased to note that a survey is underway by the General Services Administration of such transportation functions. It is suggested that any such survey cover both the procurement of transportation by other Government agencies and the procurement of transportation through private channels of trade. A survey of all transportation activities under the mutual security program should result in more economical procurement of shipping.

Critics do not advocate termination of mutual security

None of those testifying before the committee on their investigations of the operation of the program has advocated the abandonment of the mutual security program as an element in United States defense strategy and an instrument of our foreign policy. The

criticisms of the nature and the effectiveness of the program did not indicate that we were trying to do the impossible or that we should in the future strive to attain our foreign policy objectives without providing assistance to other nations. Critics of the mutual security program presented a variety of opinions as to what should be done, how the program should operate, and what should be spent. But none argued that it should be terminated.

The problem confronting the committee and the Congress is one of improving the effectiveness and the efficiency of the program. Every aspect of our mutual security operations has an impact on political relationships within foreign countries and on such intangibles as national dignity and prestige. Frequently an effort to impose rigid controls on the utilization of our assistance or to require public commitments on the part of beneficiaries of our aid which would seem natural and prudent in the conduct of our internal affairs would have political consequences which would make the entire effort futile. The administration of the mutual security program requires a continual evaluation, balancing, and revision of a great variety of intangibles. The restrictions imposed on the administrators of the program contained in existing law and in the bill as reported go as far as is practicable in this direction.

III. Fiscal analysis of mutual security program for fiscal year 1959

	Fiscal year 1958 appropriations	Fiscal year 1959 appropriation request	Fiscal year 1959 authorization request	House Committee on Foreign Affairs recommendation	Adjustment by Committee on Foreign Affairs
Ch. I. Military assistance (sec. 103 (a)).....	\$1,340,000,000	\$1,800,000,000	\$1,800,000,000	\$1,640,000,000	-\$160,000,000
Ch. II. Economic assistance:					
Title I. Defense support (sec. 131 (b)).....	689,000,000	835,000,000	835,000,000	775,000,000	-60,000,000
Title II. Development Loan Fund (sec. 203 (a)).....	300,000,000	625,000,000	(1)	(1)	(1)
Title III. Technical cooperation:					
Bilateral (sec. 304).....	113,000,000	142,000,000	142,000,000	150,000,000	+8,000,000
Multilateral (sec. 306):	15,500,000	20,000,000	20,000,000	20,000,000	-----
(a) U. N. Expanded Technical Assistance Program and related projects.	1,500,000	1,500,000	1,500,000	1,500,000	-----
(b) Organization of American States.....					-----
Total, title III.....	130,000,000	163,500,000	163,500,000	171,500,000	+8,000,000
Title IV. Other programs:					
Sec. 403. Joint Control Areas.....	11,500,000	(2)	(2)	(2)	(2)
Sec. 405. Migrants, refugees, escapees:					
(a) Intergovernmental Committee for European Migration.....	12,500,000	12,500,000	(3)	(3)	(3)
(b) U. N. refugee fund.....	2,233,000	1,200,000	1,200,000	1,200,000	-----
(c) Escapee program.....	5,500,000	8,600,000	8,600,000	8,600,000	-----
Sec. 406. Palestine refugees.....	11,000,000	11,000,000	11,000,000	11,000,000	-----
Sec. 407. Childrens fund.....	(4)	25,000,000	25,000,000	25,000,000	-----
Sec. 408. North Atlantic Treaty Organization.....	1,500,000	(5)	(5)	(5)	-----
Sec. 409 (c). Ocean freight charges.....	2,200,000	2,100,000	2,100,000	2,100,000	-----
Sec. 410. Control Act expenses.....	1,000,000	1,000,000	1,000,000	1,000,000	-----
Sec. 411 (b). Administrative expenses.....	32,750,000	33,000,000	33,000,000	33,000,000	-----
Sec. 411 (c). State Department administrative expenses.....	4,577,000	6,632,500	(6)	(6)	(6)
Sec. 419 (a). Atoms for Peace.....		5,500,000	5,500,000	5,500,000	-----
Total, title IV.....	84,760,000	106,592,500	87,400,000	87,400,000	-----
Total, ch. II.....	1,203,760,000	1,730,092,500	1,085,900,000	1,033,900,000	-52,000,000
Ch. III. Special assistance and Contingency Fund:					
Sec. 450 (formerly 400). Special assistance.....			212,000,000	185,000,000	-27,000,000
Sec. 451 (formerly 401). President's special authority and Contingency Fund.....	225,000,000	200,000,000	200,000,000	100,000,000	-100,000,000
Total, ch. III.....	225,000,000	412,000,000	412,000,000	285,000,000	-127,000,000
Total.....	\$ 2,768,760,000	3,942,092,500	3,297,900,000	2,958,900,000	-339,000,000

See footnotes on following page.

¹ Authorization for an appropriation of \$625,000,000 for use beginning in fiscal year 1959 is contained in the Mutual Security Act of 1957.

² For fiscal year 1959 the title of sec. 403 is changed to "Responsibilities in Germany." The program will be financed from funds made available under sec. 450, special assistance.

³ Continuing authorization is already in law.

⁴ The Mutual Security Appropriation Act, 1958, appropriated a carryover of \$23,800,000 of funds previously authorized.

⁵ Mutual Security Appropriation Act 1958—"For contribution for the construction of the North Atlantic Treaty Organization civilian headquarters as authorized by sec. 408, \$1,500,000."

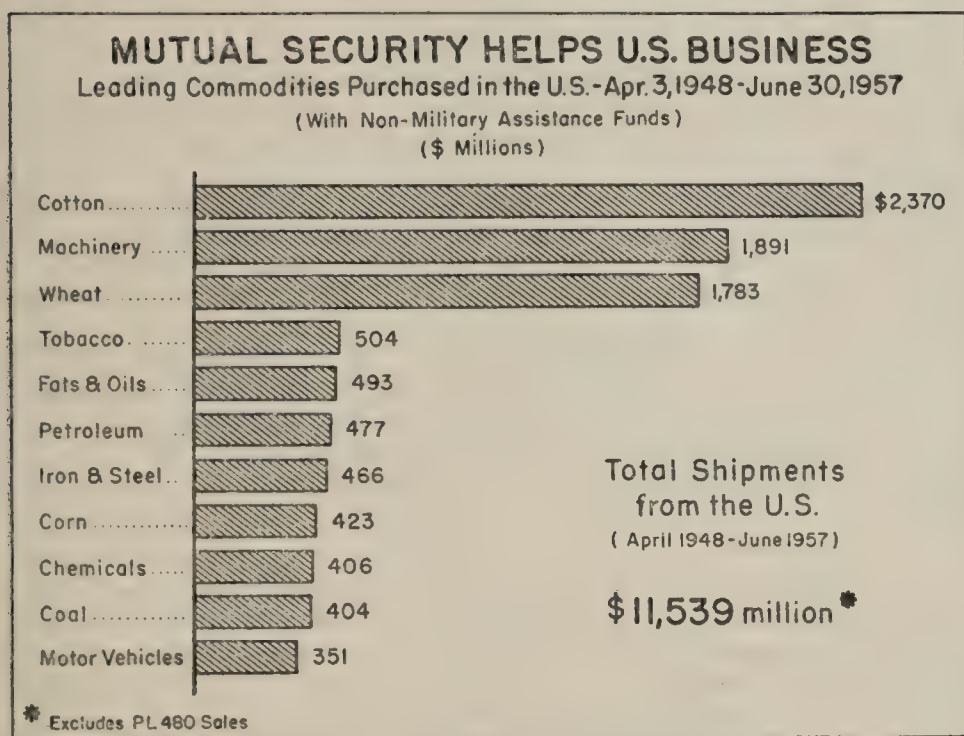
⁶ The Mutual Security Appropriation Act, 1958, appropriated a carryover of \$4,450,000 of funds previously authorized.

⁷ In the Mutual Security Act of 1957, section 401 was called President's Special Authority.

⁸ In addition, \$667,050,000 was reappropriated. Thus the availability for fiscal year 1958 was \$3,435,810,000

IV. MUTUAL SECURITY AND THE UNITED STATES ECONOMY

The available evidence indicates clearly that there is no basis for believing that eliminating or curtailing the mutual security program would in some way alleviate the present economic situation in the United States. There are undoubtedly some who have the impression that mutual security funds are spent outside the United States and that in a period of unemployment and slackening industrial activity it would be beneficial to require that such expenditures should be made at home. As a matter of fact, nearly 80 cents of every dollar of mutual security funds will be spent in the first instance in the United States, and all will ultimately be spent here. It is only in a limited number of exceptional circumstances that the United States makes dollars available to a foreign government under the mutual security program. In almost all cases foreign aid funds are spent to purchase commodities and services which are then sent to the foreign government. Most of such procurement occurs in the United States. According to the best information available, the mutual security program provides employment for 600,000 Americans in factories and on farms. The substantial volume of mutual security purchases of United States commodities is indicated in the following chart:



The funds authorized in the present bill represent approximately 5 percent of the national budget. In total, the mutual security program is less than 1 percent of the gross national product of the United States.

The immediate economic effect of terminating the mutual security program or of drastically curtailing it would be not to create more jobs, but to disrupt the United States economy, cause further unemployment, and make it necessary for us either to greatly increase our military budget or reconcile ourselves to the loss of our overseas bases, as indicated on pages 24-27 of this report.

V. REUSE OF FOREIGN CURRENCY

The United States owned last December 31 the equivalent of \$1,663,289,740.22 of foreign currencies which have been acquired under several programs. Of this total \$1,180,517,072.69 were obtained from sales of surplus farm products under Public Law 480. The use of most of these currencies has already been scheduled. The initial use of the Public Law 480 currencies now on hand and those to be paid in has been determined by the terms of the various sales agreements. Local currencies acquired by the United States under the mutual security program (as distinct from counterpart which is subject to joint United States and foreign control) are obtained to meet planned program uses. Nevertheless, in the future the United States will receive hundreds of millions of dollars of foreign currencies in repayment of loans under section 104 (g) of Public Law 480 and under the Mutual Security Act.

If procedures should be devised for making more effective use of such currencies, they may become a major tool in carrying out our foreign policy. While undoubtedly substantial amounts of many of these currencies can be used to discharge United States obligations in foreign countries, it must be recognized that much of such currency is presently nonconvertible and can be spent only where it originates, or in a limited number of other countries.

As pointed out during the current hearings, the possession of such currencies constitutes what is, in effect, a checking account held by the United States by means of which we can draw on the resources of these countries.

Nothing could be done with such currencies which would be of more direct benefit to the United States and would do more to advance the cause of world peace than to devise means for making effective use of these currencies to promote trade and to encourage economic development.

The committee is continuing its study of this problem and urges the Executive to give particular attention to the perfecting of arrangements so that increasing amounts of these foreign currencies can be loaned to private commercial enterprises when such enterprises will contribute effectively to economic development and the expansion of trade.

VI. THE PIPELINE

For years the committee and the Congress have hammered at the magnitude of the unexpended balances of the mutual security program. These unexpended balances, commonly called the pipeline, are funds that have been obligated for goods and services which are on order but have not yet been delivered, and thus have not yet been paid for. Following are the annual unexpended balances for the entire mutual security program—military and nonmilitary—at the close of each fiscal year since 1950:

	<i>Billion</i>		<i>Billion</i>
1950.....	\$3. 5	1955.....	\$7. 9
1951.....	7. 1	1956.....	6. 3
1952.....	9. 9	1957.....	6. 1
1953.....	10. 0	1958 (estimate).....	5. 1
1954.....	9. 5		

A popular argument put forward by those who want to reduce appropriations is to refer to the unexpended balances that exist at the end of each fiscal year. This situation is not peculiar to the

mutual security program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

Fiscal year	Military assistance under mutual security program	Department of Defense	Fiscal year	Military assistance under mutual security program	Department of Defense
	<i>Billion</i>	<i>Billion</i>		<i>Billion</i>	<i>Billion</i>
1950.....	\$1.2	\$9.8	1955.....	\$6.2	45.3
1951.....	5.6	38.1	1956.....	4.6	137.5
1952.....	8.4	59.5	1957.....	4.2	34.6
1953.....	8.5	62.1	1958 (estimate).....	3.4	32.1
1954.....	7.7	55.0	1959 (estimate).....	3.0	31.5

¹ Excludes 0.9 not available for expenditure.

The upward and downward movement of the unexpended balances of the military aid program closely parallels the direction of the Department of Defense unexpended balances. Recent appropriations for our missile program will undoubtedly reverse the downward trend of the Defense Department unexpended balances. If the argument is valid that the mutual security program can be reduced because of unexpended balances, it is equally valid to argue for similar reductions in other Government agencies. The Department of Agriculture's unexpended balance stood at \$2 billion at the end of fiscal year 1956. In 1957 it rose to \$3 billion and is estimated at \$4.5 billion in June 1958. The unexpended balances of all other Government agencies (excluding Defense, Agriculture, and the mutual security program) were \$26.8 billion in 1956, \$24.7 billion in 1957, and are estimated at \$27.2 billion in June 1958.

The reduction in the unexpended balances of the military part of the mutual security program has been brought about by spending more than the amount of the new appropriation. "This process cannot go on indefinitely," one witness from the executive branch explained, "or the program would be bankrupt."

The argument has also been made that the mutual security program not only has large unexpended balances but that it also has tremendous unobligated amounts. The following figures taken from the President's budget for fiscal year 1959 show the unobligated amounts for the mutual security program, the Department of Defense, the Department of Agriculture, and all other Federal agencies.

[In billions]

	Department of Defense	Mutual security program	Agriculture	All other Federal agencies
Unexpended June 30, 1956.....	\$37.5	\$6.5	\$2.0	\$26.8
Unobligated June 30, 1956.....	12.7	.4	.2	19.6
Unexpended June 30, 1957.....	34.6	6.3	3.0	24.7
Unobligated June 30, 1957.....	10.9	.9	1.3	17.3
Unexpended June 30, 1958 (estimated).....	32.1	5.3	4.5	27.2
Unobligated June 30, 1958 (estimated).....	8.0	.2	2.8	17.8
Unexpended June 30, 1959 (estimated).....	31.5	5.4	3.5	26.7
Unobligated June 30, 1959 (estimated).....	7.3	.3	2.2	16.3

NOTE.—Mutual security program balances include public debt funds for the investment guaranty program of \$200 million.

Mutual security program unobligated figures in above table exclude reservations; the latter item is also excluded from Department of Defense figures. Reservations are included, however, in mutual security program unexpended.

Reservations of the military assistance portion of the mutual security program are made pursuant to the provisions of section 108 of the Mutual Security Appropriation Act, 1956. To all intents and purposes this is an obligation on the part of the mutual security program. Under the "reservation" procedure equipment on order for the mutual security program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the mutual security program military assistance accounts for future reimbursement to the procurement accounts of the military service.

The economic part of the mutual security program shows a close correlation, particularly in recent years, among unexpended balances, appropriations, and expenditures.

[In billions of dollars]

Fiscal year	Unexpended balance end of year	Appropriations	Expenditures	Fiscal year	Unexpended balance end of year	Appropriations	Expenditures
1950-----	2.2	3.8	3.4	1955-----	1.7	1.8	1.9
1951-----	1.5	2.1	2.8	1956-----	1.7	1.6	1.5
1952-----	1.4	2.0	2.1	1957-----	1.8	1.7	1.6
1953-----	1.6	1.9	1.7	1958 (estimate)-----	1.8	1.4	1.5
1954-----	1.8	1.5	1.2				

¹ Magnitude of unexpended balance in 1958 is partly due to the Development Loan Fund which is a new program in this fiscal year.

In short, the fiscal side of the mutual security program compares favorably with that of other Government agencies. In most cases it is considerably better.

VII. SEPARATION OF MILITARY FROM ECONOMIC ASSISTANCE

Although the bill reported includes authorizations for both military and economic assistance, the committee questions whether the practice of including the provision of military aid in the same legislation as that providing economic assistance and technical cooperation should be continued in the future. The supplying of arms and military equipment to our allies is based on considerations and involves decisions which differ in important respects from those relating to providing aid to underdeveloped nations. The separation of the program into its two major components should facilitate an informed evaluation by the public and the Congress of the different elements of the program. It is argued that the linking of economic aid and technical cooperation with a military program detracts from the effectiveness of our nonmilitary operations in certain areas.

The committee recommends that the Executive initiate a new study of the question of bringing in separate bills for military aid to foreign nations and for economic assistance. There are difficult technical problems as well as policy considerations involved. In anticipation of further recommendations on this subject, the committee contemplates an independent examination of the issues and problems involved.

As a step in the direction here recommended, the committee this year has changed the title headings of the act in order to separate more clearly the provisions dealing with military assistance from those dealing with economic assistance.

The Mutual Security Act of 1954, as amended, is presently organized under five titles, as follows:

- Title I—Mutual Defense Assistance
- Title II—Development Loan Fund
- Title III—Technical Cooperation
- Title IV—Other Programs
- Title V—Miscellaneous Provisions

The new arrangement of the Mutual Security Act provided for in the current bill is as follows:

- Chapter I—Military Assistance
- Chapter II—Economic Assistance
 - Title I—Defense Support
 - Title II—Development Loan Fund
 - Title III—Technical Cooperation
 - Title IV—Other Programs
- Chapter III—Special Assistance and Contingency Fund
- Chapter IV—General and Administrative Provisions

Chapter headings are now used to clarify the separation of military and economic assistance. Special Assistance and the Contingency Fund are placed in a new chapter III because each as a matter of law may include both military and economic assistance. It is contemplated, however, that all Special Assistance will be economic. As there is a legal possibility that these forms of aid may be used for either economic or military purposes, they do not belong in chapters I or II. This required the renumbering of the present sections 400 and 401 of the Mutual Security Act as sections 450 and 451, respectively.

Under this new arrangement defense support is moved from the provisions dealing with military assistance into the provisions dealing with economic assistance. This is to make clear that defense support is economic assistance intended to support the military effort of certain countries receiving military assistance.

These changes in arrangement do not have any substantive effect.

VIII. THE FORM OF THE BILL

This bill amends the Mutual Security Act of 1954, as amended, and the bill's section numbers conform to the new arrangement of chapters and titles referred to immediately above. The bill's first numbered section, section 2, relates to this change of arrangement. The next section is numbered 101 and amends chapter I. Section 201 amends chapter II, and so forth.

SECTIONAL ANALYSIS OF THE BILL

SECTION 2. REARRANGEMENT OF CHAPTERS AND TITLES

Section 2 of the bill makes provision for the new arrangement of chapters and titles described above in section VII of the Introduction. It does this by amending the enacting clause of the Act of 1954 as amended. Additional provisions for the new arrangement are in chapter V of the bill.

CHAPTER I—MILITARY ASSISTANCE

SECTION 101. AUTHORIZATION

Section 101 of the bill authorizes \$1,640 million for military assistance for fiscal year 1959. This is a reduction of \$160 million from the Executive request of \$1,800 million. Last year the Congress appropriated \$1,340 million in new money for military assistance and reappropriated \$538 million from the previous year's program, making a total of \$1,878 million. Of this amount \$500 million represented savings realized from previous years' programs.

The funds in the bill represent a vital contribution by the United States to our own security. Without military assistance our bases which are essential to the strength of the United States deterrent retaliatory forces might well be lost. Without military assistance there would be serious danger that some of our free-world allies, having lost the means and will to resist, would be devoured by Red tyranny. Without military assistance our access to the strategic materials upon which our economy depends might well be restricted or even lost. Consequently, it is essential that these funds be authorized in order to preserve the security of the free world.

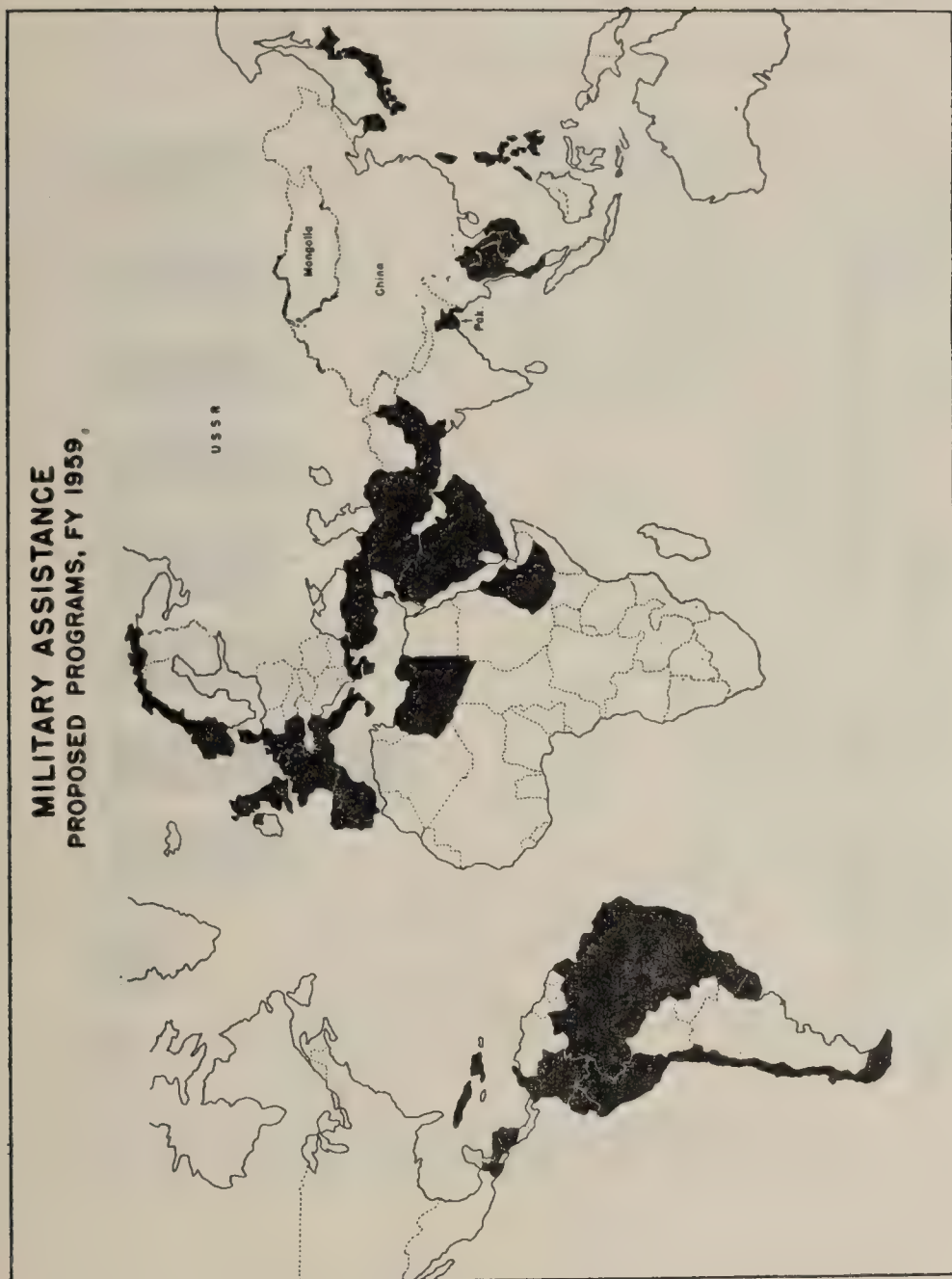
Reductions in pipeline

As a result of persistent congressional insistence, the executive branch has reduced the military assistance pipeline to businesslike proportions. The scale of these reductions is highlighted by the chart (Military Assistance Program—Expenditures and Carryover, p. 18) showing a reduction in unexpended balances from \$8.5 billion in fiscal year 1953 to an anticipated \$3.4 billion at the end of the present fiscal year. There will have been a reduction of no less than \$800 million during the current fiscal year.

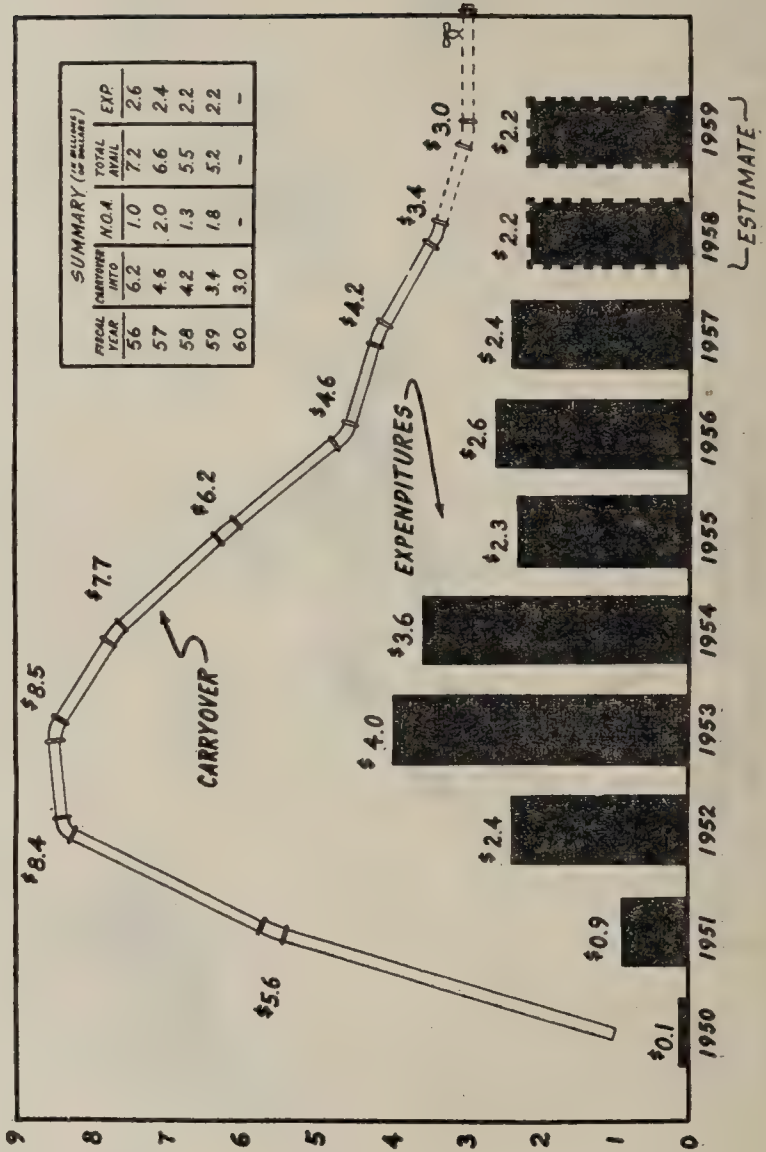
The increasing administrative efficiency of operations under the military assistance program is illustrated by the chart entitled "MAP ISA Reservations & Allocations (1956-59)" (p. 20), which shows the monthly progress in use of funds under the program. In fiscal year 1956 only 30 percent of the funds had been allocated and reserved by January 1. In fiscal year 1958, however, 80 percent of the funds had been allocated and reserved by January, and for fiscal year 1959 it is anticipated that nearly all of the funds will have been allocated and reserved prior to January 1, 1959.

Further reduction in military assistance funds would result in a curtailment of the pipeline to such an extent that essential activities would have to be terminated or curtailed and then reinitiated at a later date at a much higher cost. Those funds remaining in the pipeline, plus the amounts to be authorized, are essential to continue the military assistance program on an economical basis.

During the past 9 months the Comptroller General of the United States has released 12 reports on the military assistance program. Nine of these reports covered individual country programs; 1 dealt with the redistribution of programed excesses; 1, the Army's administration of the program; and 1 was an overall review of the military assistance program. The committee carefully reviewed these reports, holding 4 days of hearings, and hearing testimony from numerous witnesses, including Gen. Nathan F. Twining, Chairman, Joint Chiefs



MILITARY ASSISTANCE PROGRAM EXPENDITURES & CARRYOVER (IN BILLIONS OF DOLLARS)



of Staff; Hon. Joseph Campbell, Comptroller General; and Hon. Mansfield D. Sprague, Assistant Secretary of Defense for International Security Affairs.

The recommendations and criticisms made by the Comptroller General fall into three main groups:

- (1) Criticisms of unrealistic force objectives and recommendations for review of existing force goals;
- (2) Criticisms of the lack of long-range planning in the military assistance program; and
- (3) Criticisms of administrative and management practices.

The Department of Defense and the Joint Chiefs of Staff have already undertaken a review of the force goals under the military assistance program. The Comptroller General's criticisms with respect to force objectives have been in large measure met by the new method of establishing force objectives. Under this new system, two separate force goals are established: One representing size and composition of forces desirable from the United States military and security standpoint, and the other representing those units which, because of their priority, are deserving of United States support.

General Twining in his appearance before the committee stated:

The present system of establishing force objectives and furnishing support provides for flexibility and is responsive to United States strategic planning. Institution of a system based primarily on fiscal considerations would tend to reverse the latter advantage by making United States strategic planning dependent on assistance rendered Allied Nations to an unwarranted degree.

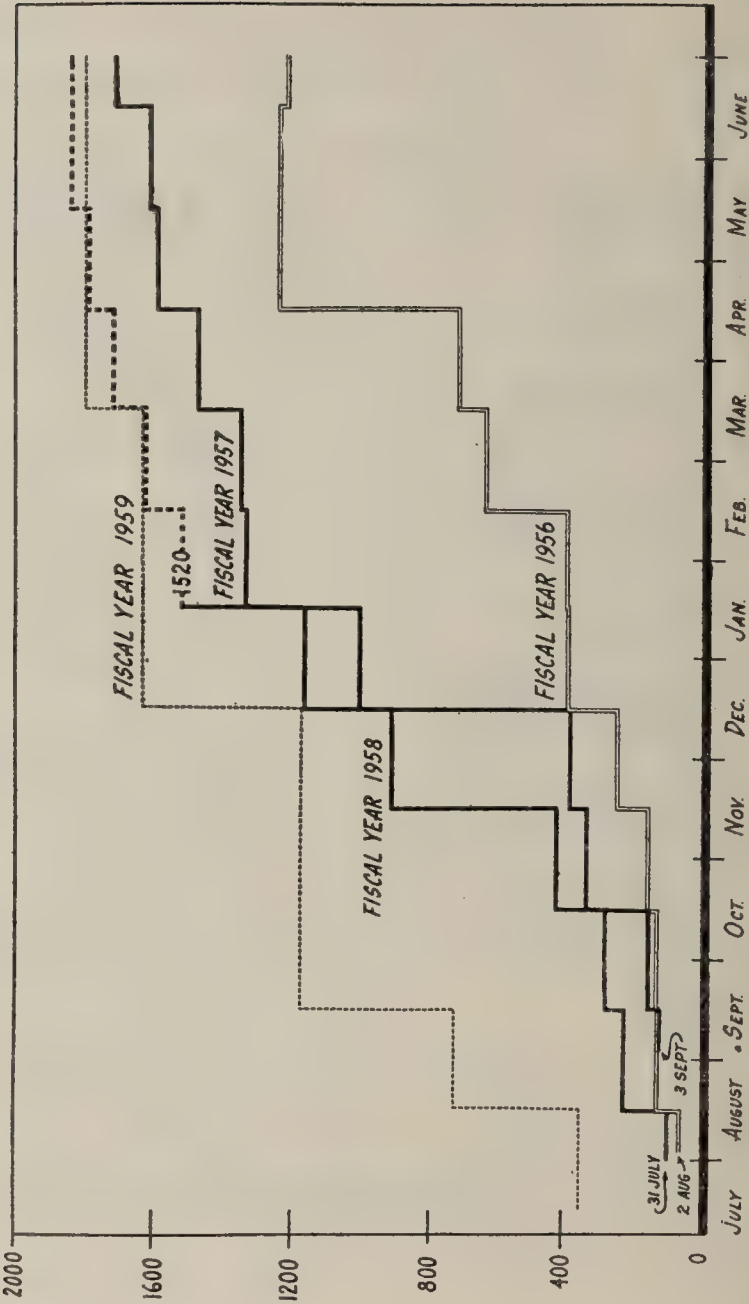
It follows that I believe our military force objectives are as realistic as possible under the factors and circumstances which must be taken into account. The recommendation, therefore, to cure the finding is but a restatement of our already established procedure (hearings, p. 77).

Under new procedures adopted last year the Department of Defense has established a system whereby projections of future assets, future availabilities, and program priorities are used in establishing the current program. Going beyond this point, however, General Twining stated:

From an accounting viewpoint, there are certain advantages to a strict system of deficiency programing—whereby the ultimate costs of undelivered items are geared to a year-to-year budget.

However, the military assistance program is affected by variables which impose continuous change and require in-phase adjustments.

MAP ISA RESERVATIONS &
ALLOCATIONS (1956-59)



The introduction of more modern weapons, or even the prospect of obtaining such weapons, profoundly affects the strategic situation around the world.

Political and economic changes in countries on both sides of the Iron Curtain also set up the need for reappraisals, reevaluations, and adjustments in the military assistance program. The necessity for maximum long-range planning in order to develop accurate costs of equipping is incontestable. However, the program must retain sufficient flexibility to permit adjustment with the times (hearings, p. 77).

Distribution of program

The proposed military assistance program for fiscal year 1959 as presented by the executive branch is broken down as follows:

Europe.....	\$206, 565, 000
Far East.....	399, 120, 000
Near East and South Asia.....	279, 584, 000
Africa.....	7, 324, 000
Latin America.....	33, 308, 000
Noncountry.....	874, 099, 000
Total.....	\$1, 800, 000, 000

The noncountry figure consists of the following items:

Special materiel programs:

Far East.....	\$54, 483, 000
Modernization, missiles and aircraft.....	288, 246, 000
Spare parts.....	56, 171, 000
Packing, crating, handling and transportation.....	119, 500, 000
Repair and rehabilitation.....	15, 762, 000
Programs under negotiation.....	49, 000, 000
	583, 162, 000

Cost sharing:

Facilities assistance program.....	20, 000, 000
Infrastructure.....	60, 000, 000
International Military Headquarters.....	7, 500, 000
Mutual weapons development program.....	40, 000, 000
	127, 500, 000

Other (includes loans \$80,000,000, ¹ training \$29,337,000, administration \$25,000,000, etc.).....	163, 437, 000
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Total.....	\$874, 099, 000
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¹ The figure for loans represents the amount programmed for the financing of credit sales of military equipment to other countries and for other loans under the military assistance program.

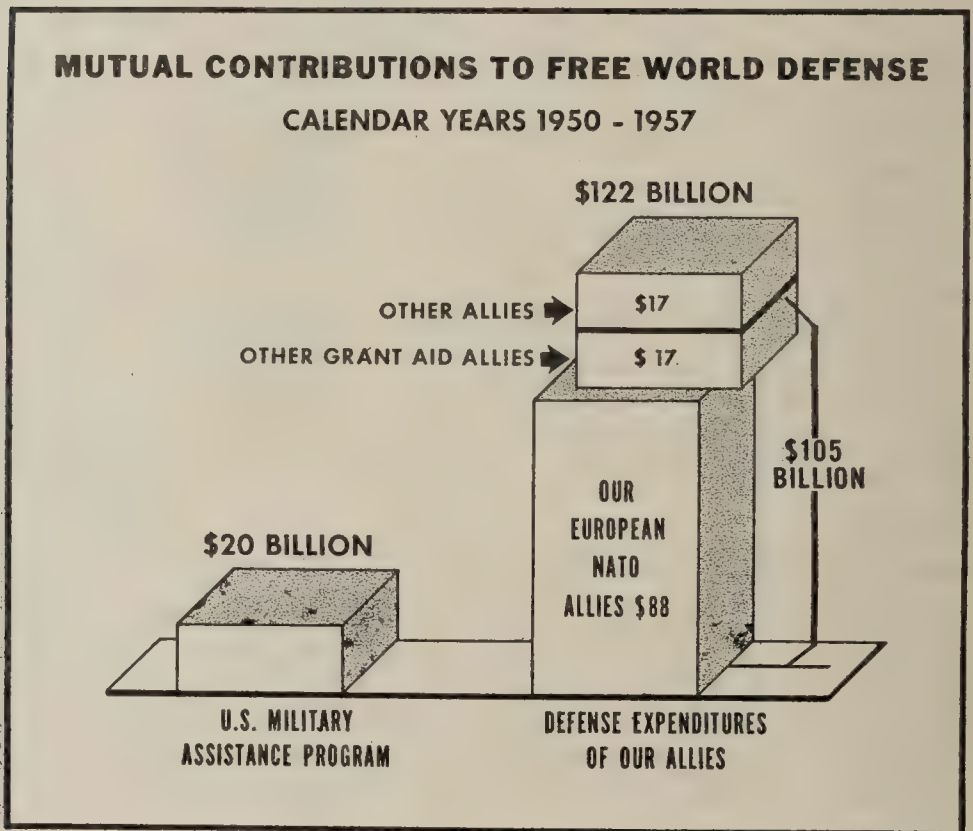
The infrastructure figure of \$60 million represents the United States contribution to the construction of military facilities in foreign countries for joint use, such as airfields, pipelines, logistic facilities, etc. This is a continuing program. Operations under the program as of last year have resulted in the construction of numerous military installations, including approximately 160 serviceable airfields which are available to the various NATO military forces on a joint basis.

The mutual weapons development program of \$40 million is intended to facilitate the development by foreign countries of new weapons. The results of research and development under this program are available to the United States and are, therefore, of value to the United States military effort.

The facilities assistance program is the means whereby the United States has assisted in the development of an indigenous ammunition production base in Europe. It is intended, however, that future activities under the facilities assistance program will be primarily directed toward the production of advanced weapons.

The program this year contains \$288 million for missiles and modernization of aircraft. The program in Europe is now concentrated upon the buildup of atomic capability and upon the creation of truly modern armed forces. Equipment is also included for the continued modernization of forces in other areas of the world.

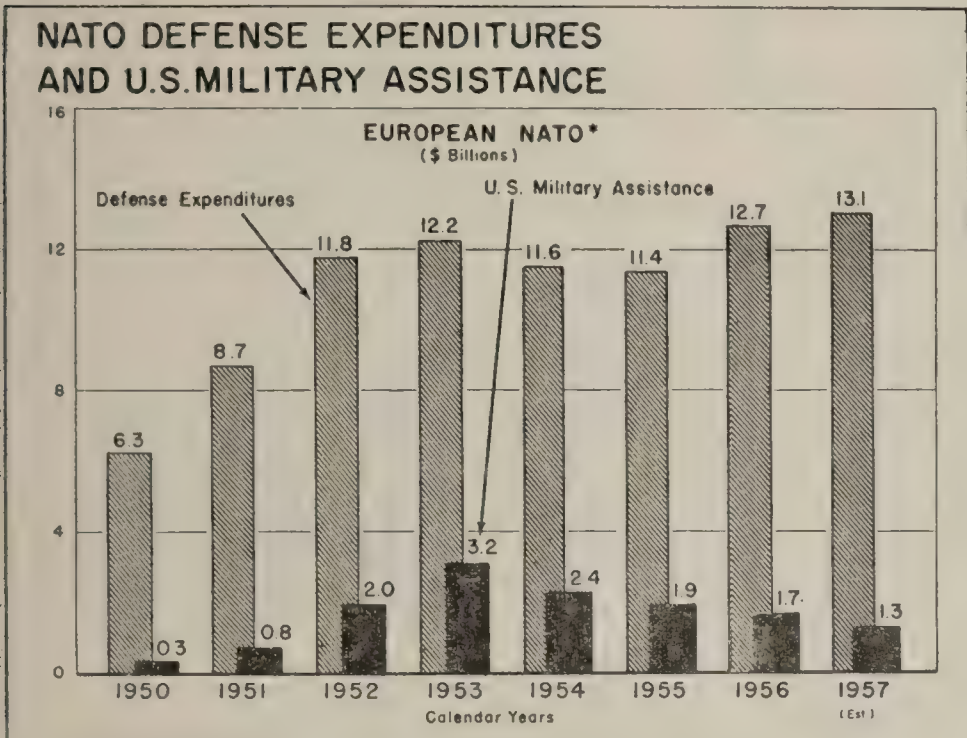
The military assistance authorization includes funds for continuing the offshore procurement program for obtaining military end items outside the United States. No specific authorization is provided for this purpose, but it is anticipated that not more than \$99 million will be so used.



Necessity for the program

The military assistance program is a mutual effort. The above chart illustrates the contributions by the United States to our allies and the expenditures by our allies for their own defense.

During the period 1950-57, the United States furnished \$20 billion to assist our allies, while our allies provided no less than \$122 billion. In the following chart the hatched lines indicate NATO defense expenditures and the solid black indicates United States military assistance:



A concrete example of the defense effort of the European NATO countries is the fact that for every dollar for ammunition which the United States has programed in the fiscal year 1959 military assistance program, the European NATO countries (exclusive of Greece and Turkey) will expend the equivalent of \$35 for ammunition.

Aside from our own forces, our mutual security arrangements made available for the common defense 4,700,000 active army forces, 2,500 ships, and 32,000 aircraft in 44 countries. All but three of these countries—Canada, Australia, and New Zealand—receive support from this bill. The relative numerical strength of the United States and our allies is presented in the following chart:

FREE WORLD DEFENSE EXPENDITURES

(IN BILLIONS)

CY 1950-57

\$277

OUR
DEFENSE

What Would
the
this
cost
U.S.?

\$142

AUSTRALIA
AND NEW ZEALAND \$17

NATO
and Other
Grant Aid
Allies
\$105

U.S. MAP \$197

ALLIES

U.S.

COMBATANT
SHIPS*

1,900

2,500

* including reserves

AIRCRAFT

44,000

32,000

ARMY

0.9 million men

4.7 million men



Our own defense has cost \$277 billion for the calendar years 1950 through 1957. It is obvious that the cost would have been far greater if the United States had endeavored to support the additional forces supplied by our allies solely out of United States resources. Indeed the United States could not have begun to sustain a defense effort of such magnitude with its own tax dollars, its own manpower and its own industrial resources.

The forces of our allies have increased in numbers. They have also increased in effectiveness. For example, General Twining stated:

I would say the overall military potential of our allies has increased tremendously (hearings, p. 295). * * *
We can depend on our allies (hearings, p. 308).

The Reds have 395 line divisions, including 175 Soviet and 220 Communist bloc. The United States has only 14 divisions. Russia has the largest air force in the world, although we consider ours to be the best. We have the largest and best surface Navy in the world. The Russian Navy has over 500 submarines. Both the United States and Russia have A-bombs and H-bombs and guided missiles.

The United States has one asset Russia does not possess—a string of over 250 army, air, and naval bases and installations strategically located around the world. Russia has no comparable system of bases and there is no possibility of her achieving such a system of bases so long as our mutual security system is effective. We have small forces on these bases and mobile air and naval forces ready to get to them, but we depend largely on the forces of the countries near these bases to defend them against sabotage, infiltration, or sudden attacks. When we help these countries defend their own soil and keep these bases ready for instant use in case of emergency, we contribute to our mutual security. That assistance, as Admiral Radford said, “is part and parcel of our own defense.”

It costs us \$6,500 a year to transport and maintain an American serviceman abroad, without counting his weapons. Pay, subsistence allowances, and clothing for a United States soldier cost \$3,515 per year; the cost for foreign soldiers range from \$240 for a Turkish soldier to \$1,863 for a British soldier. The average cost is \$848, which was arrived at by multiplying the number of men in the forces of each of our grant military assistance allies by the cost for each soldier in those countries, and then dividing the total by the total number of men in those forces. This year it cost the United States \$470 per man in mutual security funds¹ to maintain an allied serviceman abroad, armed and equipped ready for action where we want him according to jointly made collective security arrangements.

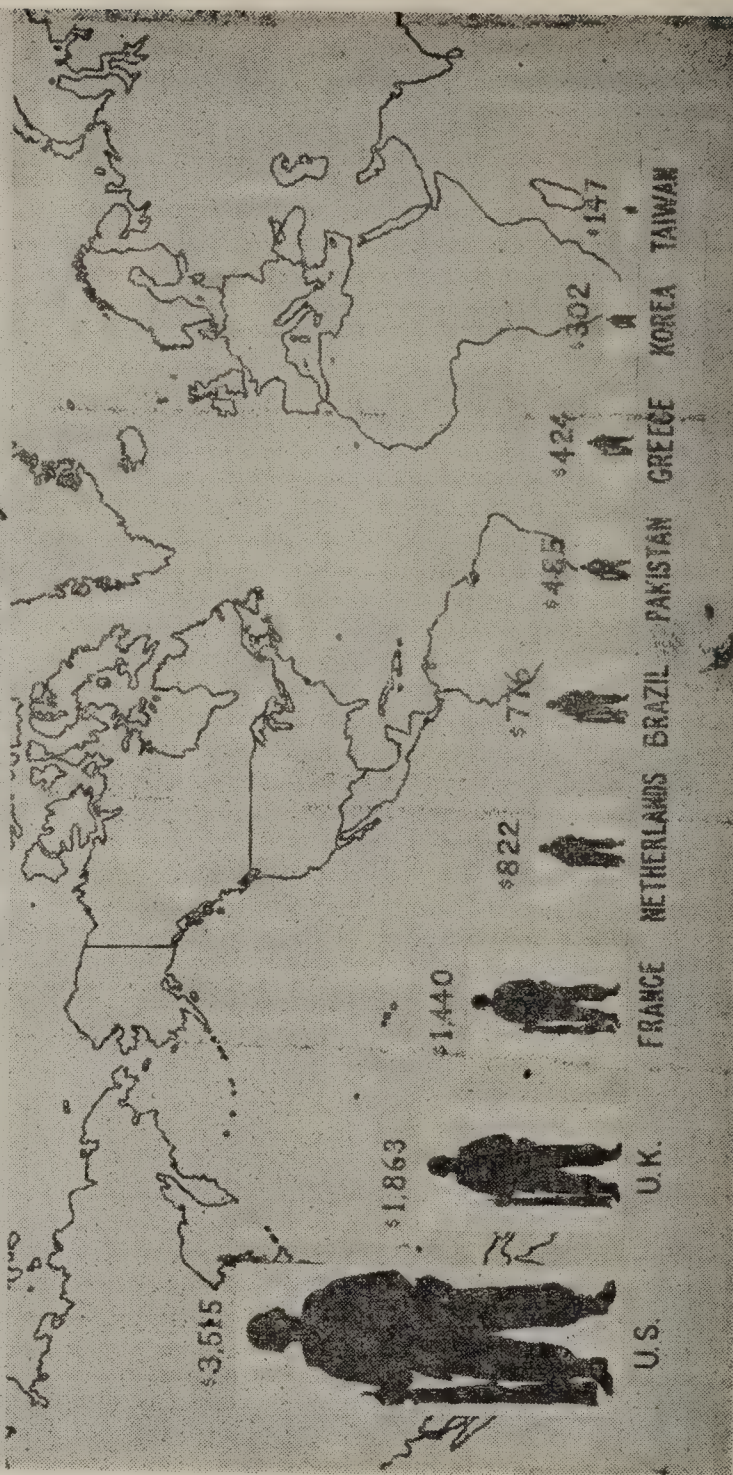
It is not our forces alone that deter Russia; it is the combination of our forces with those that surround her, ready to strike from every side, which maintains peace and gives us and the free world mutual security.

Our allies put up \$7 for every dollar we contributed to their armed forces in 1957. In addition, nations of the free world have purchased from us \$1.3 billion in arms. From a defense standpoint mutual security is an economy measure for us.

¹ The figure of \$470 is arrived at by adding the total anticipated military assistance expenditures and the anticipated defense support expenditures for fiscal year 1958 and dividing by the total number of men in the forces of our allies receiving military assistance.

COST PER SOLDIER

(PAY. ALLOWANCE. SUBSISTENCE AND INDIVIDUAL CLOTHING ONLY)



If military assistance were to be withdrawn there would be serious danger that many of the nations providing the real estate for our bases would no longer dare to stand up to the Soviet Union. We would be in serious danger of losing these indispensable elements of our military strategy.

The preservation and strengthening of NATO is essential to the preservation of the security of the United States. In like manner, the provision of military assistance funds is essential to a strong NATO. Without the NATO bases our deterrent retaliatory forces would be weakened. Without NATO manpower and without NATO scientific and industrial resources our own capabilities would be reduced.

The NATO countries are beginning to depend less and less upon our assistance. For the coming fiscal year some of the NATO countries will receive no military assistance other than missiles and ultra-modern aircraft. In other cases all weapons will be purchased for cash in the United States. In still other cases conventional armament will be bought for foreign local currency in the United States. The funds, however, must be provided in this bill to finance the equipment for those countries which will repay us in local currencies. There is evidence of a very substantial decreased reliance on the United States for conventional weapons in Europe. The committee is firmly convinced that the NATO effort should continue. Every effort should be made to strengthen and modernize forces in that area of the world.

In Asia our assistance still provides the confidence and strength necessary to resistance to the Communist effort. If our assistance were to be withdrawn we would face the real danger that these nations would lose the will to resist and fall into the Communist orbit. Our funds provide the arms for the South Korean forces which face the Communist forces along the 38th parallel. In Vietnam our assistance helps to maintain stability where chaos prevailed only a few short years back. Our arms provide the deterrent against invasion from North Vietnam. Due to Communist activities, conditions have become even more unsettled in the Middle East during the past year and military assistance to strengthen the internal security forces of some of the harassed governments of that area is still a vital necessity.

SECTION 102. PRODUCTION AND PROCUREMENT PROGRAMS RELATING TO MILITARY ASSISTANCE

Section 102 of the bill, initiated by the committee, adds new language to section 105 of the act and is intended to stimulate cooperative efforts among the NATO members in the production and procurement of military equipment. During the course of the hearings the committee heard testimony concerning a highly classified military procurement and production program which in the opinion of the witnesses and of the committee is of utmost urgency. At present this procurement program is being carried out by the individual members of NATO. Although there is cooperation among the various nations, the actual production and procurement are not controlled and coordinated from a single point. This program should be given an even higher priority and should be handled in such a way that the procurement and production are coordinated by the authority of the North Atlantic Council (or by a special agency thereof) rather than by the individual countries and the individual manufacturers. In this way it is hoped that the production will be

made more economical and that the end product will be distributed in accordance with the highest priority military needs.

There was also testimony concerning proposed regional management for spare parts in Europe through the medium of a combined agency. The establishment of such an agency would result in the more efficient and economical production and distribution of spare parts.

Encouragement should be given to the NATO countries to purchase for themselves, subject to appropriate coordination by NATO, weapons and equipment produced outside the United States in accordance with NATO plans.

CHAPTER II—ECONOMIC ASSISTANCE

SECTION 201. DEFENSE SUPPORT

Although the bill contains no change in the definition of or regulations concerning defense support, the Executive has eliminated from this category assistance to certain countries which, although they receive military aid, do not maintain what the United States regards as significant military forces. The major objective of United States military and other assistance to such countries is to secure military facilities for United States use. Economic aid is supplied to such countries from special assistance funds.

Section 201 amends section 131 of the Mutual Security Act to authorize \$775 million for defense support for use beginning in fiscal year 1959. This is a reduction of \$60 million from the executive branch request of \$835 million. Defense support is economic assistance restricted to certain nations which receive United States military aid in support of significant forces. Only the following 12 nations are currently scheduled to receive defense support in fiscal 1959:

Korea	Laos	Iran
Republic of China	Cambodia	Turkey
Philippines	Thailand	Greece
Vietnam	Pakistan	Spain

The program submitted by the Executive provided 5.4 percent for Europe, 23.4 percent for the Near East and South Asia, and 71.2 percent for the Far East. No defense support funds are provided for Latin America, and of our NATO allies only Greece and Turkey receive such assistance.

These 12 countries have a combined total of over 3 million men in their armed forces. Except for Spain, the Philippines, and Cambodia, they border directly on Communist territory. Cambodia is separated from the Communist territory by 100 miles of mountains and jungle. The strategic importance of Spain and the Philippines to our defense strategy is self-evident.

Four countries, Korea, Taiwan (Formosa), Vietnam, and Turkey, are to receive 70 percent of the total defense support authorized. Together they maintain 2 million men under arms.

Eleven of these nations are parties to, or covered by, collective security arrangements with which the United States is also associated or bilateral mutual defense treaties with the United States. Six—Greece, Turkey, Iran, Pakistan, Thailand, and the Philippines—are members of one or more of the following major free world collective security organizations: the North Atlantic Treaty Organization (NATO), the Southeast Asia Treaty Organization (SEATO), and

DEFENSE SUPPORT
PROPOSED PROGRAMS, FY 1959



the Baghdad Pact. The territorial integrity of three of the others—Laos, Cambodia, and Vietnam—is covered by SEATO, even though these three nations are not members thereof. Korea, the Republic of China, and the Philippines are linked to the United States by mutual defense treaties, and the United States has assumed certain additional commitments for their defense in the case of both Korea and Taiwan—through the so-called Joint Policy Declaration of the Sixteen, in the case of Korea, and the congressional joint resolution, in the case of Taiwan.

Need for defense support

Defense support is provided to these countries, each of which is poor and is maintaining a military effort considerably in excess of its economic capacity, so that they may continue to maintain armed forces at the level which are believed to be necessary to provide the minimum defense necessary to deter and defend against Soviet aggression. While defense support has a military objective, its immediate impact is primarily civilian. Most of the money is spent by the United States in the United States to pay for commodities, machinery, and materials supplied to the recipient country through normal commercial channels.

In many of these countries, particularly in Asia, the local currencies resulting from the furnishing of these commodities are used to finance the armed forces of the country. The United States pays for gasoline, cotton, wheat, or other items used by the civilian economy which are brought into the country and sold through commercial channels for the currency of that nation. This local currency is then used by the government of the country to meet its military budget. In all of these countries, per capita income is low and the sources of income are such that it is impossible to bring about a rapid increase in government revenues by taxation. Budgetary support of this kind is, therefore, essential if such governments are to be able to pay, feed, house, and clothe the forces which are to use the military equipment we supply.

The amount of defense support for each country is set at a level estimated as necessary to the economy to support the military effort as determined by our own military authorities. If, as in some instances will be the case, the United States desires to aid the development of the country beyond this need, the additional aid for the purpose will be financed with funds other than those for defense support.

Nature of defense support

The committee gave careful consideration as to the desirability of establishing legislative restrictions on the nature, as distinct from the amount, of assistance which could be provided under the designation "defense support." Certain informed critics of the program have recommended that only items, the use of which is connected more or less directly with defense, should be financed with defense-support funds. After examining the problems which exist in a number of underdeveloped countries receiving defense support, the committee is convinced that while the amount of dollar expenditure for each country should be carefully supervised to insure that the program is maintained at an austere level, it would not be desirable to establish by law limitations on the nature of the items to be supplied or their use within the country.

Greatly expanded military expenditures have an inflationary effect in any country. In countries which are predominantly agricultural and where trade and industry are relatively undeveloped, economic aid must be skillfully balanced if the result is to be a strengthening of the economy rather than a further disruption of it. It is better to hold the Executive accountable for results than to impose limits in advance on the sort of assistance to be given.

It should be recognized that although defense support is economic assistance, it differs from other types of economic aid in two fundamental respects: First, its purpose is the attainment of a military objective. Second, its recipients must meet requirements of eligibility for such assistance that are established by law (secs. 141, 142) and sign formal agreements which identify the country accepting such aid with the defense of the free world.

SECTION 202. DEVELOPMENT LOAN FUND

Nearly 800 million people live in 20 underdeveloped nations that have become independent since World War II. These people, and those who live in other less developed lands, have suddenly entered into a new era and want a better life. They want to combat hunger, disease, and ignorance and need expert help in the areas of agriculture, health, and education. This so-called "revolution in expectations" among these peoples is not a Communist movement, but the Communists have been prompt to exploit it. In conjunction with furnishing technical aid in these countries, the Soviets have made loans and credits of a billion and a half dollars during the past 3 years.

These countries need more than expert advice; they need capital. They are too poor to raise much capital at home; they are often too new, too unstable, to attract private capital. They need roads, railroads, harbors, and powerplants. The Development Loan Fund was established last year by the Congress as a principal instrument for assisting in the development of these countries, preventing Soviet efforts at domination through economic penetration, and enabling these countries to maintain their freedom and independence.

Last year the Congress authorized an appropriation of \$500 million for the Development Loan Fund and, in addition, authorized an appropriation of \$625 million for use beginning in fiscal year 1959. An appropriation of \$300 million was made last year. This year no additional authorization for the Development Loan Fund is contained in the existing bill.

The committee heard testimony concerning the operations of the Development Loan Fund and is convinced that the approach embodied in the Fund is that best suited to the needs of the program and to the securing of the cooperation of other lending agencies and of private businesses. The Development Loan Fund appears to be the most effective instrument available to the United States for providing economic assistance in the development of the less developed portions of the world.

The Fund will focus on specific loan proposals rather than on country levels of aid. The Fund will not program annual amounts for countries. Instead, like other financing and banking institutions such as the Export-Import Bank and the World Bank, it will evaluate specific proposals under criteria set forth in the act. The Fund will be free

from requirements to obligate its resources within fixed periods, thus permitting concentration upon long range economic growth and enabling the Fund to undertake detailed studies and surveys of all loan proposals.

The provisions of the present bill are directed primarily to the organization and administration of the Fund.

The committee of conference last year registered dissatisfaction with the administrative provisions presently in the law, stating:

The committee of conference agreed that the most effective arrangement for administering a long-range development loan program is a Government corporation with substantial capital, and officers and directors with powers and duties defined and limited by law. The corporation should be under the policy direction of the State Department; its operating personnel should concentrate on handling development loans but its direction should be coordinated with other agencies along the lines provided in the conference report.

This year's bill follows the suggestions of last year's committee of conference and converts the Development Loan Fund to a Government corporation with a Managing Director and a Board of Directors, composed of the Deputy Under Secretary of State for Economic Affairs, Chairman; the Director of the International Cooperation Administration, the Chairman of the Board of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director of the International Bank for Reconstruction and Development who is also an Assistant Secretary of the Treasury.

Separating the administration of this program from the International Cooperation Administration—the agency which administers grant economic assistance programs such as defense support and special assistance—will serve to reinforce and emphasize the distinct purposes and methods of the Development Loan Fund program. It will help to clarify these distinct purposes and methods to other countries, to the public, and to private business and financing organizations which are concerned with this program. It will provide a small staff which will concentrate on the administration of this program and will not have to be responsible simultaneously for administering programs of grant economic assistance through different procedures for different purposes.

At the same time, these organizational arrangements have been carefully devised so as to assure foreign policy guidance of this program and so as to assure close coordination of this program with other financing and assistance operations.

The committee has considered, in particular, whether establishment of the Development Loan Fund as a corporate Government agency would mean any lessening of congressional control over the Fund. The fact is that incorporation of the Fund will not lessen congressional control, and indeed will not in any way change present congressional controls over the Fund. The Fund will continue to obtain funds only as specifically authorized and made available by the Congress. It will continue to be able to use its funds only in accordance with the requirements and standards established in the legislation. Its chief executive officer, the Managing Director, will continue to be appointed subject to confirmation by the Senate. It will continue to provide to the Congress every 6 months, in the President's regular report on the

mutual security program, a detailed report on its activities. The executive branch, as part of its annual mutual security legislative presentation to the Congress, will continue each year to review the past and planned activities of the Fund. The annual mutual security legislation will continue to provide the same opportunity for Congress each year to enact whatever legislation it considers desirable with respect to the Development Loan Fund.

In addition, the Fund is at present, under section 204 (c) of the Mutual Security Act, subject to the principal provisions of the Government Corporation Control Act. Incorporation of the Fund organization will not in any way change the application of these provisions to the Fund or alter the controls provided by these provisions. Under these provisions of the Government Corporation Control Act, the Fund will continue to be required to submit to Congress each year a budget program covering its proposed operations for the coming year; that budget program will continue to be subject to review and express approval by the Congress; and the Congress will continue to have the power to impose each year, in the legislation approving the budget program, such limitations as it considers desirable on the use of funds by the Development Loan Fund. Finally, the Fund will continue to be subject to regular audits by the General Accounting Office.

Subsections 202 (a), 202 (b), and 202 (c) incorporate a number of technical amendments needed to substitute the corporate form for the administrative agency. Practically all of the substantive powers and authorities given the corporation are contained in the existing provisions of the law.

Paragraph (2) of subsection (a) of this section adds in section 202 (b) of the act a fourth requirement which was initiated by the committee. It must be taken into account in making loans and guaranties under the Development Loan Fund. The three requirements presently in the law are that the Board consider: (1) Can financing be obtained in whole or in part from other free world sources on reasonable terms; (2) is the activity to be financed economically and technically sound; and (3) does the activity give reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title.

The fourth (and new) requirement, initiated by the committee, is that the Board consider "the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved." This language is added to insure that the Fund shall take into account any undue adverse impact on the United States economy of any proposed financing or guaranty transaction.

The committee urges that close scrutiny be given every proposed expenditure under the provisions of this section to insure against government-to-government loans in instances where private capital is available for investment. The committee reminds the Congress and the Executive that the policy of the United States and the purpose of the Development Loan Fund, as set forth in section 201 of the Mutual Security Act, is—

to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the

flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

Further, the present law requires that—

The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development.

Provision is made for a Deputy Managing Director of the Fund and three other officers of the Fund whose titles shall be determined by the Board. Provision is made for other officers of the Fund to act as Managing Director in his absence or disability. By a later provision in the bill, the committee has provided that the International Development Advisory Board shall also perform an advisory function with the Development Loan Fund.

SECTION 203. TECHNICAL COOPERATION

Subsection 203 (a). Bilateral programs

Subsection (a) authorizes an appropriation of \$171.5 million for technical cooperation programs for fiscal year 1959. The authorization for bilateral programs is \$150 million, for multilateral technical cooperation and related programs of the United Nations \$20 million, and for the technical cooperation activities of the Organization of American States \$1.5 million.

Bilateral technical cooperation programs are carried out in 52 countries and 10 overseas territories. They are the most widespread, the least costly and, in many ways, the most effective of all the programs conducted under the mutual security legislation. The emphasis is on the sharing of skills and knowledge rather than on the furnishing of equipment and commodities. For next year more than 70 percent of the funds will be used to pay for United States technicians, the training of local participants, and for contracts with American universities and firms providing specialized services. Only about 8 percent will be directly spent on supplies and equipment.



Distribution of fiscal year 1959 executive branch request for technical cooperation

	[In thousands of dollars]	
Total, all programs	163, 500	
Europe, total	2, 900	
Spain	1, 100	
Yugoslavia	1, 800	
Africa, total	14, 450	
Ethiopia	4, 000	
Ghana	1, 200	
Liberia	2, 000	
Libya	2, 400	
Morocco	1, 000	
Somalia	350	
Tunisia	1, 500	
Overseas territories	1, 200	
Regional and undistributed	800	
Near East and South Asia, total ¹	41, 650	
Afghanistan	3, 000	
Ceylon	1, 550	
Greece	750	
India	7, 300	
Iran	6, 000	
Iraq	2, 500	
Israel	1, 600	
Jordan	1, 750	
Lebanon	1, 750	
Nepal	1, 250	
Pakistan	5, 900	
Turkey	4, 500	
Regional and undistributed	2, 250	
Far East, total ¹	33, 000	
Cambodia	2, 200	
China (Taiwan)	2, 500	
Japan	2, 500	
Korea	5, 800	
Philippines	3, 000	
Thailand	4, 200	
Vietnam	4, 500	
Regional and undistributed	500	
Latin America, total	36, 500	
Argentina	800	
Bolivia	3, 000	
Brazil	5, 000	
Chile	2, 750	
Colombia	1, 700	
Costa Rica	1, 150	
Cuba	585	
Dominican Republic	210	
Ecuador	1, 900	
El Salvador	1, 100	
Guatemala	2, 675	
Haiti	1, 650	
Honduras	1, 550	
Mexico	700	
Nicaragua	1, 000	

¹ In addition to the countries listed, technical cooperation programs for fiscal year 1959 are contemplated in Sudan, Yemen, Indonesia, and Laos.

Distribution of fiscal year 1959 executive branch request for technical cooperation—Continued

(In thousands of dollars)

Latin America—Continued

Panama.....	1, 300
Paraguay.....	1, 500
Peru.....	2, 900
Uruguay.....	200
Venezuela.....	190
Overseas territories.....	1, 050
Regional and undistributed.....	2, 090
Organization of American States.....	1, 500

Nonregional programs, total.....	35, 000
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United Nations Technical Assistance.....	20, 000
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Interregional expenses.....	15, 000
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The Executive request for bilateral technical cooperation was \$142 million, and the committee increased it by \$8 million. Based upon firsthand observations in many countries over the world, the committee is of the opinion that the program is generally successful not only in material accomplishments but in developing a favorable attitude toward the United States at the grassroots level. The committee has long insisted that the strength of the program lies not in the multiplicity of projects but in their soundness and in the quality of its personnel. Their technical competence is only one requisite for success. A capacity to adapt to difficult living conditions and different customs and an ability to impart skills to people who speak a strange language and who have a limited technical knowledge are equally important. The best testimony to the soundness of this approach is the rapidity with which the Soviet bloc has copied it. Recent estimates indicate that more than 2,000 bloc technicians are abroad, while an equal number of people from the less developed countries have been brought to the Soviet Union or other bloc countries for training or observation.

The increase of \$8 million recommended by the committee is intended primarily to strengthen the personnel side of the program rather than to expand programs. Recruitment procedures can be improved to assure more careful selection. Training programs can be developed with particular emphasis on language instruction for personnel under technical cooperation and for program personnel under other categories of aid whose services abroad advance the same general objectives. Similarly the increment will permit an expanded program of participant training, making it possible for more to study in the United States or in third countries.

Improved personnel practices should be matched by improved administration of the technical-cooperation programs in Washington. The committee renews the recommendation it made in the 1954 report on mutual security legislation:

Under the present administrative arrangements, there is no one individual responsible solely for guiding and focusing attention upon technical cooperation. It is now part of an agency that has other responsibilities involving more costly operations. Technical cooperation tends to be a stepchild. Of all the parts of the program encompassed in this bill, this is the one that has the longest range possibilities. Nowhere in the present administrative organization is the technical-

cooperation program brought into focus as a program. It is handled only on an area basis. The committee believes that what is needed is a single individual to concern himself with the total program and who will give it the stature and emphasis it merits as part of our foreign policy. Such an individual should be directly under the officer to whom the President entrusts the administration of the nonmilitary functions authorized in this bill.

Additional improvements can be made in field administration. Individuals assigned to a country for a tour of duty understandably tend to think in terms of the problems, patterns and attitudes of that country. There is much that they could learn from the experience of personnel in other countries. From the viewpoint of the participating countries, one of the objectives of the program is to encourage these underdeveloped nations, particularly the newer countries, to approach their problems on a regional basis. For these reasons regional technical cooperation officers might well be appointed who will have authority to utilize the personnel and resources within their area and who will encourage wherever possible approaches to problems on other than a narrow country basis. For example, in South Asia a regional officer stationed in Manila could draw upon the experience of the technicians located in South Asian countries to deal with mutual problems pertaining to their respective field of activity. The appointment of regional officers with sufficient authority would have the further advantage of reducing the time lag in decision making between Washington and the field.

Several years ago an acceleration of our technical assistance programs was proposed through the use of local technicians trained by our own people to impart instruction in various technical fields to individuals in the military service of that country. Thus military training would be supplemented by technical training. It was pointed out then that there would be a number of advantages to this approach, chief among them the ability to reach more people in the country than can presently be done with our available personnel. Further, demobilized troops returning to their villages would have learned constructive skills which they could in turn impart to their countrymen in the more remote areas. During the hearings the committee interrogated Hon. James H. Smith, Jr., Director of the International Cooperation Administration, on the degree to which this program had been carried out. It was disappointed to note that except for some engineering construction projects in a few Latin American countries, nothing had been done. It urges the Executive to give immediate study to the possibilities of the expansion of this phase of technical cooperation activity.

All technical cooperation activities are programed in the form of projects jointly agreed upon by the United States and a recipient country. These vary in size, complexity, and duration. They may involve simply bringing one or a few people to the United States for a few months, or they may involve a long-term complex group of activities designed to achieve a major objective, such as the development and staffing of an agricultural extension service. As in previous years the principal fields of activity will be agriculture, education, industry, mining, health and sanitation.

By area, the largest increase percentagewise is in Africa where new programs are being initiated and existing ones expanded. On the other hand, the programs in the Far East show a decrease. In some countries they have been in operation long enough to permit a reduction of United States assistance. In the Near East, South Asia, and Latin America a slight increase is planned for next year.

Subsection 203 (b). Multilateral technical cooperation

Subsection 203 (b) amends section 306 of the Mutual Security Act of 1954, as amended, in several respects.

Paragraph (1) amends the first sentence of section 306, which now provides for United States participation (with funds available under the subsections of sec. 306 and under sec. 304) in multilateral technical cooperation programs carried on by various international organizations. This new language provides for participation in related programs carried on by such organizations in furtherance of the purposes of title III and of the act.

Paragraph (2) amends in several respects subsection (a) which relates to contributions to the United Nations Expanded Technical Assistance Program. First, it deletes the obsolete authorization for the appropriation for fiscal year 1958 and substitutes an authorization for an appropriation of \$20 million for 1959. Second, it inserts new language so that contributions under this subsection may be made to or for the United Nations Fund for Special Projects, or similar programs to be established pursuant to action by the General Assembly as supplementary to its existing program of technical assistance. Third, the language governing the scale of United States annual contributions is deleted. The committee took the initiative by inserting new language authorizing a contribution for each calendar year not to exceed 40 percent of the total amount contributed for that year. If contributions from other governments should exceed the present estimate and 40 percent of the total amount contributed by all governments for calendar year 1959 therefore exceed the requested \$20 million, any additional United States contribution would be financed from the contingency fund in section 451 (b).

In 1958 an estimated sum of \$3.1 million will be contributed by benefiting governments to the United Nations Expanded Technical Assistance Program in the form of local cost assessments. Since 1954 these contributions to the central account have normally been required from countries which receive the services of United Nations technical assistance experts. Such payments are applied, like other contributions to the technical assistance fund, toward general project expenses. If such payments are centrally received and audited in the same way as our own contributions, the United States could then take them into account in arriving at our proportionate share.

The proposal for the special projects fund arises from developments during the last session of the General Assembly. Many delegations from underdeveloped countries have attempted for years to establish an organization popularly referred to as SUNFED (Special United Nations Fund for Economic Development) which would have required large contributions to a U. N.-administered fund for capital expenditures in underdeveloped countries. Our delegation has repeatedly pointed out that such a program is unrealistic in present world circumstances. Before a program of this nature could be undertaken, it would be necessary to make a careful analysis of the resources and

capabilities of the countries and to develop a reservoir of trained personnel. This view was ultimately accepted by the General Assembly, and it was agreed to set up a supplementary program, popularly referred to as SPUR (Special Projects for Underdeveloped Regions), that would provide for surveys, research, and training. The new program will not get underway before 1959. The authorization of \$20 million which is recommended by the committee for United Nations technical assistance and this related fund is estimated to be the amount necessary to cover United States contributions on the above 40 percent basis during this year, both to the regular United Nations technical assistance program and to these new activities.

Subsection 203 (b) (3).—The authorization for the United States contribution for technical cooperation programs of the Organization of American States (OAS), \$1.5 million, is identical with the sum appropriated last year. The United States contribution is 70 percent of the total contributions made for these programs. In addition to the money contributions which the other American Republics make, they also furnish local support in the form of personnel, services, supplies, equipment and training. The projects financed by the contributors are limited to the establishment and support of regional training centers. The funds finance technical training staffs and provide fellowships for trainees from Latin American countries to attend these centers or to attend special seminars organized by projects carried out under the program. In 1958 there are six such projects in operation.

Subsection 203 (c) (1) and (2). *International Development Advisory Board.*—This new subsection, initiated by the committee, amends existing law by conferring on the International Development Advisory Board, already established by law, an additional responsibility to give advice and guidance on general or basic policy arising in connection with programs authorized by the Development Loan Fund. This subsection also broadens the Board's composition to include a representative of the field of science, in addition to the representatives of other major segments of American life. It also makes it possible for each of these representatives to use the services of advisory committees in order to avail themselves of the widest possible knowledge of the problems and activities of the International Development Advisory Board.

SECTION 204. OTHER PROGRAMS

Subsection 204 (a). *Earmarking of funds*

This subsection establishes a requirement that not less than \$175 million of the mutual security funds appropriated for fiscal year 1959 (other than those available pursuant to the new title II of chapter II, the Development Loan Fund) shall be used to finance the sale for foreign currencies of surplus agricultural commodities. The foreign-currency proceeds of such sales are required to be spent to carry out the various purposes of the Mutual Security Act. This total of \$175 million does not represent an additional authorization for appropriation of funds for this purpose. The subsection merely requires that at least \$175 million of the funds appropriated pursuant to the Mutual Security Act, other than those available to the Development Loan Fund, must be earmarked for this purpose.

From 1946 through June 1957, agricultural exports of the United States amounted to \$41.3 billion. Of this amount those exports made under specified Government-financed programs amounted to

\$18.0 billion or 44 percent of the total. Of the \$18.0 billion \$7.6 billion were exported under programs administered by ICA and its predecessor agencies; \$6.8 billion of the \$7.6 billion were financed from foreign aid appropriations.

In fiscal year 1958, \$175 million of the funds available were earmarked to finance the export and sale of United States surplus agricultural commodities for foreign currencies. Present plans indicate that the section 402 sales in fiscal year 1958 will amount to approximately \$191 million or 9 percent more than the legislative requirement. Negotiations for these sales are actively under way, including \$148,500,000 in direct sales and \$42,500,000 in triangular transactions. It is anticipated that sales of cotton will amount to about \$91 million or almost half of the total program. Other sales are expected to include \$54 million grain, \$30 million fats and oils, \$15 million dairy products, and \$1 million of other commodities.

The amount earmarked this year is the same as that provided in last year's legislation. The committee recognizes the importance of making full use of the surplus agricultural commodities available in the United States in carrying out the mutual security program. The shift of emphasis in the mutual security program, however, away from the industrialized nations of Western Europe which are large importers of agricultural commodities to the underdeveloped nations of Asia and Africa, most of which are relatively self-sufficient in respect to foodstuffs, makes it impossible to increase substantially the volume of surplus farm products which may be used in attaining the objectives of the program.

Subsection 204 (b). Responsibilities in Germany

This subsection continues the authority in existing law for use of funds in Germany, programed primarily for West Berlin, and to use German currencies which have been made available in the past and may continue to be deposited in the future under special arrangements between the United States and the Federal Republic of Germany, which were entered into at the time the Federal Republic of Germany attained its independence.

The new section continues the authority contained in existing law except that it eliminates the former authorization of assistance to "joint control areas," and specifies that assistance under this authority shall be provided for Germany. Areas such as Austria and Trieste which in the postwar period were designated as "joint control areas" can no longer be designated in this manner. The new language provides that \$8,200,000 of the funds made available for special assistance under section 400 (a) (now 450 (a)) may be used for the purposes of this section in fiscal year 1959. In previous years a separate authorization of appropriation was made for "joint control areas."

This subsection also modifies the wording contained in the present section 404, responsibilities in Germany, by transferring authorities presently vested in the Secretary of State to the President. This change conforms with the usual practice throughout the Mutual Security Act.

Subsection 204 (c)—Migrants, refugees, and escapees

Paragraph (1) of subsection 204 (c) authorizes an appropriation of \$1,200,000 for fiscal year 1959 as the United States contribution to the program of the United Nations High Commissioner for Refugees.

In 1954 the United Nations created a United Nations Refugee Fund for a period of 4 years. The purpose of this fund was to deal with the problem of World War II refugees in Western Europe. It concerned itself with the hard core of refugees who required institutional care or who for other reasons could not easily be resettled. The program expires at the end of 1958. At the 1957 session of the General Assembly it was decided that a new program—the United Nations High Commissioner for Refugees program—would be instituted in 1959, to continue the unfinished work of the Refugee Fund and to assume such additional tasks as may be necessary to deal with refugees. Four broad areas of activity are envisaged: (1) A camp closure program looking to the resettlement by the end of 1960 of the 14,000 inhabitants presently in camps; (2) a continued handling of the difficult out-of-camp cases where institutional care is often necessary; (3) Far Eastern operations to assist refugees, principally of European origin, from Communist China; and (4) an emergency fund to enable the High Commissioner to render immediate aid in emergency situations.

The new program will operate on a contributory basis. As in the case of the United Nations Refugee Fund, the United States share from mutual security funds will not exceed 33½ percent of the total contributions from all governments. This program has no terminal date, and its operations will be reviewed and its future determined at each session of the General Assembly.

Paragraph (2) of subsection 204 (c) authorizes an appropriation of \$8,600,000 for the United States escapee program. This money is used to provide supplementary assistance to that furnished by the country of asylum and by voluntary relief agencies. These voluntary agencies represent the major United States religious and nationality groups. The program is a clear indication of United States concern for the welfare of the Soviet satellite peoples and thus counters Communist propaganda that our interest in these people has diminished. Similarly in the Far East the program has rendered assistance to refugees from Communist China. The principal objective of the escapee program is to encourage the overseas resettlement of refugees who seek asylum in countries bordering on or close to the Soviet bloc. As of November 1957, a total of 78,586 escapees in Europe and the Near East had been resettled overseas; 10,543 others had been locally integrated in Europe. In the Far East, primarily in Hong Kong, 18,000 refugees have been resettled elsewhere; 10,000 others have been integrated locally and assistance of some kind has been given to another 185,000.

The 1959 program will include funds for Hungarian escapees in Europe. In the Far East first priority will be directed toward the rehabilitation of professional and other leadership elements with a view to their resettlement in Taiwan, southeast Asian countries, Latin America, and the United States.

Subsection 204 (d). Children's Welfare

This subsection authorizes an appropriation of \$11 million for contributions to the United Nations Children's Fund for calendar year 1959. This amount is identical with the authorization and appropriation for the current fiscal year.

The United States contribution to the central account has risen from \$9,800,000 in 1953 to \$11 million in 1958. On the other hand, the increased contributions to the central account by other countries

have resulted in a progressive reduction in the United States percentage from 68 percent in 1953 to an estimated 52.5 percent in 1958. For 1959 it is estimated that the United States share from mutual security funds will be 50 percent. The committee commends this reduction.

Contributions to the central account permit the purchase of supplies and equipment outside of the countries assisted. The countries assisted also contribute local currency for supplies obtainable in the country itself and for services such as personnel and transportation. In 1957 it is estimated that local contributions had a value of \$57 million.

During 1957 more than 45 million children and mothers in 104 countries and territories received direct benefits through Children's Fund-aided programs. Sixteen million children were vaccinated against tuberculosis; 55 million children and mothers were protected against malaria and other insect-borne diseases; 5.6 million children and mothers were treated for yaws, and 4.5 million children and mothers were given milk and other food supplements under long-range feeding programs.

Section 204 (e). Palestine refugees in the Near East

Section 204 (e) deletes the obsolete authorization for an appropriation of \$65 million and substitutes an authorization for an appropriation of \$25 million for fiscal year 1959. This sum will permit the United States to carry out its pledge, made at the last session of the General Assembly, toward the budget of the United Nations Relief and Works Agency (UNRWA). The United States contribution from mutual security funds is limited to 70 percent of the total contributions to the Agency.

The most recent registration figures show 933,000 refugees, a slight increase during the past year. The need for relief and rehabilitation has not diminished, but the failure of other governments to contribute to the Agency's operations has made necessary a drastic curtailment of rehabilitation programs and has permitted only limited relief activity to be carried on.

The situation in the Near East is such that any severe reduction of our contribution toward the work of the Agency would be misinterpreted as a lack of our interest in the plight of the refugees. By making available a contribution whose use is dependent upon the degree to which other governments contribute, the onus for inaction for assisting the refugees falls upon these other governments.

Subsection 204 (f). Ocean freight charges

This subsection authorizes an appropriation of \$2,100,000 for ocean freight costs to move overseas supplies donated to, and by, nonprofit American voluntary agencies. Last year the appropriation of \$2,200,000 enabled the shipment of supplies valued at \$29 million.

Many of the 32 American participating agencies have also moved substantial quantities of United States Department of Agriculture surplus commodities into their relief channels abroad. Ocean freight costs of these items are funded under section 203 of the Agricultural Trade Development and Assistance Act of 1954. One of the agencies, Heifer Project, Incorporated, has experienced difficulty in using the funds made available in this subsection to ship heifers overseas to assist in programs of relief and rehabilitation. The committee

commends this type of program as one consistent with the purposes for which the money is appropriated.

The program represents a three-way cooperative arrangement among voluntary agencies, the United States Government and foreign governments. The goods moved by these American agencies represent the donations of the American people. For each tax dollar spent, about \$14 worth of supplies are delivered to needy persons in 18 friendly countries. The committee regards this program as a valuable adjunct to the entire mutual security program.

Subsection 204 (g). Control Act expenses

This subsection authorizes an appropriation of \$1 million for administering the Mutual Defense Assistance Control Act of 1951 (Battle Act, 22 U. S. C. 1611). This Act provides the basic authority and policy guidance for United States cooperation with other nations to control the shipment of strategic items to nations under Soviet domination. The sum authorized is the same as that authorized and appropriated for this purpose for fiscal year 1958. Actually, it reflects a reduction in the total cost of administering the Battle Act by \$40,000 below the 1958 total, since the \$1 million provides for certain expenses relating to this operation previously covered by the administrative expense authorization for the International Cooperation Administration in section 411 (b) of the Mutual Security Act.

Subsection 204 (h). Administrative and other expenses

Paragraph (1) of this subsection authorizes an appropriation of \$33 million for nonmilitary administrative expenses. Military administrative expenses are included in the authorization for military assistance. This paragraph also amends subsection 411 (b) to make clear that the administrative costs of the Development Loan Fund are not included in the administrative costs authorized under that subsection.

For the current fiscal year an appropriation of \$32,750,000 was made for ICA administrative costs. This included \$2,246,500 for activities for which funds are requested under other appropriations in the fiscal year 1959. Thus the amount of \$30,503,500 for the current fiscal year compares with the request of \$33 million for fiscal year 1959. The increase of about \$2.5 million is attributable to increased rents in Washington and at some overseas posts; provisions for increased training of personnel; an increase in personnel due, in part, to additional missions; and increased contributions to the retirement fund.

Paragraph (2) amends section 411 (c) which authorizes an annual appropriation to the Department of State not to exceed \$7 million for administrative expenses it incurs in carrying out normal functions of the Department relating to functions under this Act. These funds are used for expenses of the Department in providing program policy review of the mutual security program in Washington and coordination of program activities abroad, and for support of the United States Mission to NATO and European Regional Organizations (USRO) in Paris. Recently the Department was given responsibility for program coordination and public information. The amendment in this bill will permit the use of funds made available to the Department under section 411 (c) for functions performed under the Mutual Security Act which are not regarded as "normal functions" of

the Department. Thus the administrative costs of the escapee program will be financed under section 411 (c).

Subsection 204 (i). Encouragement of free enterprise and private participation

This subsection amends section 413 (b) (4), relating to the investment guaranty program in two respects. First, it permits the President, if he so desires, to delegate the function of administering this program to some other agency administering nonmilitary assistance. At the present, the investment guaranty program is administered in the International Cooperation Administration; its administration could under this amendment be transferred to another agency administering nonmilitary assistance, such as the Development Loan Fund. The committee understands that the Export-Import Bank is not such an agency.

Second, an amendment initiated by the committee permits the application of any premium reduction to fees remaining to be paid on outstanding guaranties when a reduction is made in the rates for future guaranties. The International Cooperation Administration has previously reduced its rates to the present one-half of 1 percent on the two types of guaranty at that time authorized. On that occasion the General Accounting Office ruled that the reduction could not be applied to guaranties already in effect without congressional authorization such as this amendment supplies. The language of the amendment is permissive so as to enable the International Cooperation Administration to make such rate reductions effective at the beginning of the next contract year of outstanding guaranties rather than at the time the new rate is put into effect and thereby avoid refunds on premiums already paid.

Evidence was presented (hearings, pp. 961-968) that tax incentives would increase the participation of private business in the development of underdeveloped nations and would encourage new investment in those nations. Under the proposal presented, which was favored by some members of the committee, certificates would be granted by the executive branch to new investment in underdeveloped areas. The certificates would grant tax concessions consisting of complete or partial tax exemption on such investments. Further study should be made of this proposal.

Subsection 204 (j). Munitions control

This new subsection initiated by the committee adds a new sentence to section 414 (b) which prohibits the importation into the United States, other than for the Armed Forces of the United States, of any arms, parts, or ammunition therefor originally manufactured for military purposes. Antique weapons and curios, such as war souvenirs and collectors' items which are not in condition to be used as firearms, are exempted from the restrictions contained in this provision. The committee took this action after hearing how foreign military rifles, having been declared surplus by foreign governments, were purchased and then imported into the United States. There was testimony that these weapons were dangerous to use. Furthermore, instances were cited where such arms and ammunition have been shipped illicitly to neighboring countries in gun-running operations in violation of our laws.

This provision does not, however, affect the importation of foreign sporting arms, nor of weapons as curios and antiques, nor the domestic sale of surplus firearms by the United States Government.

The committee recognizes that the importation of foreign firearms involves questions of competition with our domestic firearms industry. Such questions are for consideration by the Ways and Means Committee. The committee's purpose in adopting this provision was "furtherance of world peace and the security and foreign policy of the United States" as set forth in section 414—Munitions Control.

Subsection 204 (k). Atoms for peace

Section 204 (k) deletes the obsolete authorization for an appropriation for fiscal year 1958 for assistance designed to promote the peaceful uses of atomic energy abroad and substitutes an authorization for an appropriation of \$5,500,000 for fiscal year 1959.

The program for next year involves three major items. First, there will be a continuation of the program instituted in 1955 to assist other nations, on a bilateral or multilateral basis, in acquiring research reactor projects by funding up to one-half of their cost. In no case can the United States share of the cost of a reactor to another government exceed \$350,000. Second, a program involving financial assistance for the acquisition of nuclear research and training equipment such as radioisotope laboratories will be continued. A third part provides for assistance by United States atomic energy experts in advising other nations on their programs of nuclear science and technology, and in making the surveys and studies necessary to assure that requested financial assistance can be effectively used.

The committee was informed that present plans contemplate that the United States will share the cost of acquiring reactors in certain countries which have resources sufficient to build such reactors with their own funds. The United States should consider the ability of the recipient country to finance reactor projects in developing our program and that we should not contribute to such projects when the nations where they are to be constructed are able to proceed without our aid.

Subsection 204 (l). Malaria eradication

This subsection amends section 420 of the act relating to malaria eradication, so as to provide continuing authority to the President to use for this program, in accordance with the provisions of this section, an unspecified amount of funds made available under the act, other than funds appropriated for military assistance and the Development Loan Fund. The amendment makes clear that loans made under the Development Loan Fund may be used, in accordance with the provisions of title II, chapter II, for malaria eradication purposes in furtherance of economic development. This subsection also deletes reference to obsolete authorizing language. In the coming fiscal year approximately \$25,600,000 in mutual security appropriations will be used for this program, which will be funded for the most part from special assistance.

The malaria eradication program authorized by Congress in fiscal year 1958 is already well underway. Rapid conversion of existing malaria control programs to eradication is being accomplished through the assistance of United States technicians, materials and equipment. As of the end of January 1958, agreements had been signed obligating

\$19.5 million of the \$23.3 million already specifically authorized to be used for this purpose. A cooperative effort is being undertaken by some 60 nations or territories, the World Health Organization (WHO), Pan American Sanitary Organization (PASO), and the United Nations Children's Fund (UNICEF). The total estimated cost of this 5-year program is \$520.7 million. The nations affected are expected to supply \$325.2 million and the international agencies (WHO and UNICEF) plan to contribute an estimated \$42 million. The United States will contribute approximately \$113.9 million through its bilateral programs and through special grants to international organizations. The success of the eradication effort depends on carrying it forward on the scale and at the rate anticipated. Curtailment of the effort in any year may, by delaying its impact, prevent its completion before certain mosquitos develop immunity to the available insecticides.

CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND

Section 301 and section 302 of this chapter, in accordance with the reorganization of the Mutual Security Act of 1954, redesignate the existing sections 400 and 401 as sections 450 and 451, respectively.

SECTION 301. SPECIAL ASSISTANCE

Section 301 amends the redesignated section 450 (the old section 400, relating to special assistance) and authorizes an appropriation of \$185 million for special assistance, a reduction of \$27 million from the executive branch request for fiscal year 1959. This authorization is for programed economic assistance that is necessary to achieve any of the variety of political, economic, or other objectives which the United States may have in any country where (a) the United States is not providing military aid in support of significant military forces and (b) the needed assistance cannot appropriately be provided either as technical cooperation or from the Development Loan Fund.

The legislation proposed for fiscal year 1959 restricts and more precisely defines "special assistance." In fiscal year 1958 special assistance included funds to meet unanticipated or contingent requirements under various aid categories. In fiscal year 1959 funds for such requirements will be provided in the contingency fund. The separation of these authorizations is accomplished by the elimination of the language authorizing use of special assistance funds to supplement the other categories of aid and by the creation of a new section 451 (b) (contingency fund) to fulfill the same purpose.

Special assistance is an established category of aid which is an outgrowth of the former development assistance. It consists of economic assistance programed to promote or maintain political or economic stability in situations where the Development Loan Fund and defense support are not, by definition, applicable.

In contrast, the contingency fund is not a category of aid but a sum which can be used to supplement categories of aid, military or economic, except the Development Loan Fund, to meet requirements which are now either unforeseen or contingent. Historically the contingency fund is the successor to unprogramed funds provided under sections 201 and 401 (b) 2 years ago and the unprogramed portion of special assistance in fiscal year 1958.

**SPECIAL ASSISTANCE
PROPOSED PROGRAMS, FY 1959**



Special assistance differs from defense support in that the latter is provided in a country where the United States is helping to support significant military forces, whereas the former is designed to meet objectives in countries where the maintaining of significant military forces is not the purpose of United States aid. Special assistance will not normally be programed for a country which is already receiving defense support.

Special assistance includes funds programed to meet continuing financial problems in Bolivia, Israel, Jordan, Somalia, and Tunisia, all of which would have been substantially weakened without United States assistance provided for in this form. Since the purposes and circumstances of use of the Development Loan Fund and special assistance are so different, both forms of aid may be found in the same country, just as defense support and aid furnished from the Development Loan Fund may also be found in the same country.

Special assistance as redefined also includes aid which is provided in order to assure that United States military forces will have and can effectively use certain overseas military facilities and rights, but where the military forces of the recipient countries have no significant military assignment in common defense strategy. In fiscal year 1958 funds needed for that purpose were included under defense support.

SECTION 302. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND

The committee reduced the authorization request by \$100 million but authorized the use of the entire contingency fund pursuant to the President's special authority to waive requirements of the Mutual Security Act, the annual mutual security appropriations acts and any joint resolutions providing temporary appropriations, and the Battle Act.

Subsection 302 (a) amends former section 401, now section 451, which relates to the President's special authority by adding the words "and contingency fund:" in the heading of the section.

Subsection (b) of section 302 of the bill effects three technical amendments in section 451 (a). First, the words "for use" and "for use under" are inserted in the first sentence in order to make clear that the authority in this sentence is applicable to funds made available by joint resolution providing temporary appropriations for use under the act during the interim between the end of the fiscal year and the date of approval of the regular Appropriation Act for the succeeding fiscal year.

Second, the reference to the old section 400 (a) in the first sentence is replaced by a reference to the new section 451 (b). This is a conforming amendment to reflect the shift of the authority heretofore contained in the last sentence of section 400 (a) to the last sentence of section 451 (b).

Third, the word "section" is changed to "subsection" in the second and last sentences of subsection (a) to insure that the present operation of those two sentences is not affected by the insertion of the new subsection (b) in section 451.

The new section 451 (b) provides for an authorization of \$100 million for fiscal year 1959 to be used by the agencies administering the various categories of aid under the act for additional assistance under such categories of aid, except for title II of chapter II (Develop-

ment Loan Fund), in accordance with the provisions applicable to the furnishing of such aid under such sections. The sum authorized is intended to serve as a reserve from which to meet, at least in part, certain (1) presently identifiable contingent requirements which may hereafter become firm and (2) currently unforeseeable needs which may develop during fiscal year 1959 and for which, because they are now contingent or unforeseeable, no specific provision can be made in the regular programs.

The President's special authority permits him to waive certain restrictions in situations where prompt action will serve United States interests. Such cases could be created by Soviet subversive efforts, political or economic developments, or natural disasters. Such action has been necessary in past years, particularly in the general area of the Middle East where unsettled conditions continue to prevail and where requirements for assistance are even more unpredictable than elsewhere.

Paragraph (d) of this subsection makes a technical amendment in subsection (c) as redesignated, to insure that its present operation is not affected by the insertion of the new subsection (b) in section 451.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SECTION 401. GENERAL PROVISIONS

Subsection 401 (a). Shipping on United States vessels

This subsection amends section 509, relating to shipping on United States vessels, by extending the exemption from the 50-50 shipping requirement now applicable to the sales of fresh fruit and products thereof under the Agricultural Trade Development and Assistance Act of 1954, as amended, to this act, e. g., section 402.

Information submitted to the committee indicates that there are a limited number of United States-flag vessels with refrigeration facilities for handling perishable cargo of this nature.

Subsection 401 (b). Purchase of commodities

This subsection amends section 510 which set a price ceiling on purchases of commodities in bulk for nonproject assistance from defense support and the former title II when it authorized development assistance. This statutory price ceiling is made inapplicable to the new title II, the Development Loan Fund, which cannot make grants and which will review prices paid by borrowers on a loan by loan basis, following the practice of the Export-Import Bank.

Subsection 401 (c)

Subsection 401 (c) adds 3 new sections to the act.

New section 516. Prohibition against debt retirement.—The new section 516 is substantially identical, with the exception of 2 grammatical changes, to a provision that has been included in the mutual security appropriation acts for the past 5 years. It prohibits the use of funds made available under the act, or counterpart generated under the act or other acts, for retirement of foreign government debt. The term "counterpart" refers to local currency legally required to be deposited by section 142 (b) of the act and similar requirements in prior acts. Such additional amounts of local currencies that have been deposited in special accounts in accordance with country agreements may be used without regard to this restriction for purposes

consistent with the act. The transfer of this substantive provision from the appropriation to the authorization legislation is similar to the shift 2 years ago of the other substantive provisions from the mutual security appropriation acts, and eliminates the need for annual reenactment of this language.

New section 517. Completion of plans and cost estimates.—This section originated in the Committee on Foreign Affairs and provides for a revision of procedures as to the obligation of mutual security funds used to provide certain nonmilitary assistance. The purpose is to make it necessary for the International Cooperation Administration—before it obligates funds for projects which require substantive technical, financial, or other planning and which require legislative action by the recipient country—to have completed the plans necessary to carry out such assistance, to have made a reasonably firm cost estimate and reasonably to have assured itself that necessary legislative action in the foreign country receiving such assistance will be forthcoming within a year. This requirement applies only to assistance provided from funds authorized for defense support, bilateral technical cooperation, and special assistance.

Evidence presented by subcommittees of the Committee on Government Operations, by the General Accounting Office and developed by the Committee on Foreign Affairs in its own investigations of mutual security operations indicates that the International Cooperation Administration has in some instances obligated funds for what it classifies as project-type assistance before either the ICA or the recipient country has reached firm decisions as to what they intend to do or how long it will take to do it. The result has been that funds have been obligated for periods of as long as 2 or 3 years before contracts were let for construction or before enabling legislation was enacted by the recipient country.

The committee recognizes the need for careful planning for overseas projects and the inevitability of delays in negotiation and in action by foreign governments. It is not suggested that surveys, discussions, and engineering work which require 3 years to complete should be rushed through in a year. This section is intended, however, to encourage the ICA to carry forward negotiations with foreign governments, to evaluate the readiness of the recipient country to put up the necessary funds, to take appropriate action for such purposes as acquiring rights-of-way, and to encourage both ICA and the foreign government to do sufficient planning and engineering work so as to be informed of all major problems likely to be encountered before United States funds are committed for financing any project.

The section includes a provision that funds obligated for assistance subject to the limitations of this section may only be used for the purpose for which they are initially obligated. Any funds not so used are to revert to the United States Treasury.

These provisions are intended to require the ICA to delay the obligation of funds until it has reached a decision that each project has been adequately planned and that the foreseeable obstacles which are to be encountered can be overcome. These provisions should also prevent obligation of a larger amount than estimated to be necessary for any project since such obligation will prevent any subsequent use of any portion of the funds for another purpose. It is recognized, however, that even under this section estimates will not necessarily

remain firm. Changes in the work or in costs not foreseeable at the time of the survey will require changes in the ultimate cost.

Specific language is included to make it clear that nothing in this section should discourage the ICA from incurring obligations or making expenditures necessary to do preliminary surveys, planning or engineering work in order to determine the feasibility of an undertaking before deciding to go ahead with it.

New section 518. Protection of American economy.—Despite the clear evidence that the mutual security program provides employment for a large number of American citizens and provides business for American concerns and for the American farmer, the committee is aware that there may be a possibility of adverse economic impact on specific segments of American industry. Consequently, the committee inserted the new section 518 which calls for an annual review of operations under the Development Loan Fund and under defense support to determine their impact on the United States economy, with particular reference to areas of labor surplus. This annual review is to be accomplished by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The committee is to report its findings to the President and to the Congress. This provision will insure a thorough review once a year of the economic impact of the Development Loan Fund and defense support on the American economy and should help to insure that any adverse impact will be rectified.

Subsection 401 (d). Provisions on uses of funds

Section 401 (d) amends section 537 of the Mutual Security Act of 1954, as amended, in several respects.

Subsection 537 (a) (1) is amended by extending the authority for payment of rents in the District of Columbia beyond fiscal year 1958. This makes unnecessary annual authorizations for this purpose, although annual appropriations and review continue to be required.

Subsection 537 (c) is amended in three respects. The new language authorizes the use of an additional \$8 million from sums made available for assistance in Korea under the Mutual Security Act to finance additional housing and supporting facilities for personnel assigned to Korea to carry out the purposes of this act. This is the final increment of a 3-year building program which was initiated in fiscal year 1957. To make clear that the Military Assistance Advisory Group (MAAG) portion of the housing is not subject to the military construction law, the amended version waives that part of the law which requires specific authorization for housing in an annual military construction act.

The section also authorizes the use of \$2,750,000 of funds made available for other country programs to finance essential living quarters, office space, and supporting facilities for ICA personnel in those other countries. Under existing law it is necessary to prorate the cost of such facilities between administrative and program funds on the basis of use. The new language will permit the use of program funds within the specified ceiling to cover the cost or financing of housing and other facilities that will be used both by administrative and program personnel and will not require elaborate bookkeeping to prorate costs between administrative and program funds.

Subsection 401 (e). Saving provisions

This subsection amends section 543 (d) which provides that funds appropriated pursuant to various Mutual Security Act provisions repealed by later Mutual Security Acts are to remain available for their original purposes. The necessity for this provision arises from the repeal of various obsolete sections in the mutual security legislation. It is necessary therefore to prevent funds from being withdrawn where a section is repealed merely because of obsolescence. The present section 401 (e) adds the Mutual Security Act of 1958 to the list of acts repealing obsolete provisions. The language already specifies that funds originally made available pursuant to the obsolete provisions are to remain available for their original purposes.

The new third sentence inserted by the committee in section 543 (d) is a saving provision to cover the possibility that this bill may become law before the end of fiscal year 1958. It insures that, until June 30, 1958, funds which are used for the purposes of the act will be used in accordance with the provisions of the act governing the use of funds as in effect prior to the effective date of the Mutual Security Act of 1958.

Subsection 401 (f). Definitions

This paragraph amends section 545 relating to definitions by including the Development Loan Fund and its Board of Directors within the definitions of agencies administering nonmilitary assistance and of officers administering nonmilitary assistance as those terms are defined in section 545. These are essentially technical amendments in that they replace references to title II with references to the Development Loan Fund and to its Board of Directors.

CHAPTER V—REORGANIZATION OF THE MUTUAL SECURITY ACT OF 1954 AND AMENDMENTS TO OTHER LAWS

Section 501 (1) through (35). Reorganization of Mutual Security Act

The provisions of section 501 are conforming amendments, purely technical in nature and have no substantive effect. They are intended to carry out the reorganization of the Mutual Security Act described in section 2 of the bill, namely, the division of the act into new chapters and into new titles.

Section 502. Amendments to other laws

Subsection (a). Defense Base Act.—Subsection (a) amends the Defense Base Act (42 U. S. C. 1651) so as to extend the uniform workmen's compensation coverage of that act, which now applies to United States citizen employees working on Government projects overseas, to United States employees working abroad under any contract financed by the United States under the Mutual Security Act (other than the Development Loan Fund). Under the provisions of the Defense Base Act, which is now made applicable to mutual security contracts, non-United States citizens and employees of contractors or subcontractors engaged exclusively in furnishing materials or supplies are excluded from the benefits of the act. The Secretary of Labor has the authority to waive the application of the Defense Base Act on the recommendation of the head of the agency affected.

Subsection (b). Interparliamentary Union.—This subsection amends existing law authorizing an annual contribution to the Interparlia-

mentary Union. In 1948 Congress authorized an increase in the contribution from \$10,000 to \$15,000. The Council of the Inter-parliamentary Union in 1949 asked the members to increase their contributions because of devalued currencies and increased costs. Since 1955 the Congress has appropriated an annual sum of \$18,000 for this purpose. The proposed amendment would provide continuing authority for an appropriation not to exceed the amount heretofore appropriated annually.

Subsection (c). Government Corporation Control Act.—Subsection (c) amends section 101 of the Government Corporation Control Act (31 U. S. C. 846) so that the Development Loan Fund is listed among the wholly owned Government corporations subject to that act.

Subsection (d). NATO Parliamentary Conference.—This subsection amends the Act of July 11, 1956, which provides for expenses of the House and Senate delegation to the NATO Parliamentary Conference, and for the United States contribution to that conference. The amendment provides that hereafter the contribution by the United States for any year shall not exceed 25 percent of the total annual contributions made for that year by all members. The amount of the United States contribution requires agreement by the United States group which consists of 9 Members of the House of Representatives and 9 Senators and by the Conference itself.

The NATO Parliamentary Conference, established in 1955, has been increasingly productive in promoting better understanding among the elected representatives of the NATO countries. As such it is a valuable adjunct to the more formal governmental relations of the NATO countries. It has examined political, economic and military problems in a frank and forthright manner. One phase of the Conference work that has a tremendous potential in view of rapid technological changes is a sustained and detailed study on means of improving scientific and technical personnel in NATO countries.

Subsection (e). National Commission on Educational, Scientific, and Cultural Cooperation.—The United States National Commission for UNESCO is an organization of not to exceed 100 United States citizens appointed by the Secretary of State, of whom not more than 60 represent principal national, voluntary organizations interested in educational, scientific, and cultural matters. The remaining 40 members include not more than 10 persons holding office under or employed by the Government of the United States, not more than 15 representatives of educational, scientific, and cultural interests of State and local governments, and not more than 15 persons chosen at large. The present membership of the Commission includes, among others, representatives of the following organizations and institutions:

The Veterans of Foreign Wars of the United States

The American Federation of Labor and Congress of Industrial Organizations

The National Catholic Welfare Conference

The National Farmers Union

The Synagogue Council of America

The League of Women Voters of the United States

The National Congress of Parents and Teachers

The National Council of the Churches of Christ in the U. S. A.

In addition, the following Members of Congress belong to the National Commission:

The Honorable Leverett Saltonstall
The Honorable John J. Sparkman
The Honorable A. S. J. Carnahan
The Honorable Hugh Scott

Other individuals who are members are the Lieutenant Governor of the State of Ohio, the president of Kansas State College, and the mayor of Milwaukee, Wis.

The members of the National Commission serve without compensation but are allowed per diem of \$10 and travel expenses when attending meetings. The expenses of the Commission are borne by the Department of State.

The work of the Commission involves cooperation with the educational, scientific, and cultural work of UNESCO, a specialized agency of the United Nations.

Since the members of the Commission serve without pay and the Commission receives no Government support, except in connection with the holding of its meetings, the activities of the Commission have been limited in scope. There are a number of projects that the National Commission would like to undertake which would involve small cost and for which the Commission believes private financial support would be available. While the Commission has as yet no formal plans for the use of gifts which may be forthcoming, it is anticipated that it might sponsor international conferences on matters within its field of interest, develop plans and machinery to assist in the international distribution of educational films suitable for television, and arrange for exchanges with the national commissions of other nations.

This section amends Public Law 565, 79th Congress, in order to authorize the Commission to receive and accept services and gifts and bequests of money or materials, to carry out its purposes, but provides that such gifts or bequests shall not be in excess of \$200,000 in aggregate in any one year. It is in accord with the original intent of the Congress as expressed in Public Law 565, which specifically provided for the representation and participation of private organizations in the Commission's work. It is provided that such gifts would be a gift to or for the United States for purposes of Federal income, estate, and gift taxes.

Section 502 (f). International Labor Organization

This section establishes a ceiling on the United States contribution to the expenses of the International Labor Organization, a specialized agency of the United Nations, of 25 percent of the total assessments against members for the support of that organization.

Under present law, section 2 (a) of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272 (a)), the United States contribution is limited to a total of \$1,750,000 per year. The total budget assessment against members for 1958 is \$7,972,901. Assessments of individual members are determined by the ILO and that of the United States has in recent years been 25 percent. Twenty-five percent of the current budget exceeds the dollar ceiling in the existing law and as a consequence the United States is in arrears in its payments. By

changing the ceiling limitation from a fixed dollar amount to a percentage of the total budget, a limit is placed on our contribution to the ILO of the same nature as that already applied to the World Health Organization and which is comparable to restrictions imposed on our contributions to certain other international organizations. Appropriations are and will continue to be made annually for the ILO in the State Department appropriation.

The United States is placed under a serious handicap in its relations with other nations generally and particularly with respect to its participation in the ILO as long as it is in arrears in its payments. It is desirable that action be taken which will make it possible for the United States to pay its full assessment.

Subsection (g). War Hazards Compensation Act.—Subsection (g) amends the War Hazards Compensation Act (42 U. S. C. 1701) to extend the war risk hazards and internment compensation coverage of the act to United States citizens employed overseas on mutual security program operations covered by the Defense Base Act above, or under personal service contracts financed by the United States under the Mutual Security Act (other than title II of chapter II) not already covered by the War Hazards Compensation Act. In the case of contracts to which the United States is not a formal party, the coverage under the War Hazards Compensation Act may be waived as under the Defense Base Act.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954". This Act is divided into chapters and titles, according to the following Table of Contents:

TABLE OF CONTENTS

CHAPTER I—MILITARY ASSISTANCE

CHAPTER II—ECONOMIC ASSISTANCE

Title I—Defense Support

Title II—Development Loan Fund

Title III—Technical Cooperation

Title IV—Other Programs

CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 2. STATEMENT OF POLICY.—(a) The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination, declares

it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(b) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world.

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(c) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.

[TITLE I—MUTUAL DEFENSE ASSISTANCE]

[CHAPTER 1—MILITARY ASSISTANCE]

CHAPTER I—MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop

their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1958] 1959 to carry out the purposes of this chapter not to exceed [\$1,600,000,000] \$1,640,000,000, which shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$1,000,000,000,

less amounts already contributed for such purpose. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—

(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, *including coordinated production and procurement programs participated in by the Members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.*

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a

program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1)

the provisions of title 10, United States Code, section 7307 (a); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of title 10, United States Code, section 3544 (b) and 8544 (b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

[CHAPTER 3—DEFENSE SUPPORT]

CHAPTER II—ECONOMIC ASSISTANCE

TITLE I—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under **[chapter 1 of this title]** *chapter I*, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year **[1958]** 1959 to carry out the purposes of this section not to exceed **[\$750,000,000]** \$775,000,000, which shall remain available until expended.

(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title *or chapter I* and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

[CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE]

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title *or chapter I* to any nation or organization unless the President shall have found that furnishing

such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title *or chapter I* and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—(a) No assistance shall be furnished to any nation *under chapter I* or under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreement or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished *under chapter I* or under this title in furtherance of the policies and purposes of *chapter I* or of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under [chapter 1 of this title] *chapter I*, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under [chapter 1 of this title] *chapter I*;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of [chapter 1 of this title] *chapter I*;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized *under chapter I* or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

(b) In cases where any commodity is to be furnished on a grant basis under [chapter 3 of title I of this Act] *this title* under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account,

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*,

That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available. Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furthering assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

SEC. 144. SOUTHEAST ASIA.—Assistance under this title *or chapter I* shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

TITLE II—DEVELOPMENT LOAN FUND

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

SEC. 202. GENERAL AUTHORITY.—**[(a)** There is hereby established a fund to be known as the “Development Loan Fund” (hereinafter referred to in this title as “the Fund”) to be used by the President to finance activities carried out pursuant to authority contained in this title.**]** *(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the “Development Loan Fund” (hereinafter referred to in this title as the “Fund”) which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.*

(b) [To carry out the purposes of this title, the President] The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as [he] it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, [and] (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made [from] by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section [401 (a)] 451 (a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection. [The Manager of the Fund shall furnish to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report on each financing operation or transaction involving the Fund’s assets. Such report shall be made at the time such financing operation or transaction is consummated.] The President’s semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

SEC. 203. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000.

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The [President] *Fund* is authorized to incur, in accordance with the provisions of this title, obligations [against the Fund] in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization [authorized] *made available* pursuant to section 203 (a) of this Act which has not been advanced to the Fund as of such time. The *assets of the Fund* shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

[(c) In the performance of and with respect to the functions powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions provided by the Government Corporation Control Act, as amended, and no other audit shall be required.]

(c) The Fund shall be deemed to be a wholly-owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—[(a) In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a Manager of the Fund. The office of Manager of the Fund shall be in addition to other offices provided for by law, and the compensation for such office shall be at a rate not in excess of \$19,000 a year.

[(b) The President shall also establish a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the Fund.]

(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director

on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director, or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) [In carrying out his functions with respect to this title, the Manager of the Fund may] The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as [may be deemed] it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures [under this title] of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as [the Manager of] the Fund shall determine

to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, [the Manager of] the Fund, and, as [the Manager of] the Fund may determine, refer any such obligations, or rights to the Attorney General for suit or collection; *adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by [the Manager of] the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation [authorized by this title], or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316).* The Export-Import Bank shall administer loans made from the Fund, as provided in section 505 (b) of this Act.

(d) *The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil-service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of*

benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of entry into force of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957 and the date of entry into force of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of entry into force of the Mutual Security Act of 1958 shall not, by reason of the entry into force of that Act, require reappointment in order to serve in the Office of Managing Director provided for in section 205 (b) of this Act.

SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U. S. C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily

related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed **[\$151,900,000]** *\$150,000,000 for use beginning in the fiscal year 1959 to carry out the purposes of this title.*

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title *and this Act*, the United States is authorized to participate in multilateral technical cooperation *and related* programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) **[\$15,500,000]** *\$20,000,000 for the fiscal year [1958] 1959 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: Provided, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution [to this program] for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed [to the program for that period, for the calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed to the program for that period] for such purpose and for each succeeding calendar year as much as but not to exceed 40 per centum of the total amount contributed for such purpose for that year.*

(b) \$1,500,000 for the fiscal year **[1958]** *1959 for contributions to the technical cooperation program of the Organization of American States.*

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation

programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the “Board”, which shall advise and consult with the President, or [such other officer as he may designate to administer this title] *appropriate officers administering nonmilitary assistance*, with respect to general or basic policy matters arising in connection with the operation of the *Development Loan Fund* and programs authorized by this title [title II,] and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the *Development Loan Fund* and above-mentioned programs, including business, labor, agriculture, public health, [and education] *science, and education, and may be assisted by advisory committees representing such groups*. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, in lieu of subsistence and other expenses.

TITLE IV—OTHER PROGRAMS

[NOTE.—Sections 400 and 401 have been redesignated as sections 450 and 451.]

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year [1958] 1959 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds

accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

[SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility at the time of the enactment of this Act as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section.

[SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.]

SEC. 403. RESPONSIBILITIES IN GERMANY. The President is hereby authorized to use during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 450 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of Article V of that Agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitutional approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year [1958 not to exceed \$2,233,000 for contributions to the United Nations Refugee Fund.] *1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.*

(d) There is hereby authorized to be appropriated to the President for the fiscal year [1958] *1959 not to exceed [\$5,500,000] \$8,600,000* for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section [401] 451 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$11,000,000 for the fiscal year [1958] *1959* for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President *for the fiscal year 1959* not to exceed [\$65,000,000] *\$25,000,000* to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed [\$2,200,000] \$2,100,000 to carry out the purposes of this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed \$1,000,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out [chapter 1 of title I] *chapter I* of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed [\$32,750,000] \$33,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than [chapter 1 of title I] *chapter I and title II of chapter II*) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

(c) There are authorized to be appropriated to the Department of State such amounts, not to exceed \$7,000,000 in any fiscal year, as may be necessary from time to time for administrative expenses which are incurred for *functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act.*

(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in,¹⁴³ nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, through [the agency primarily] *an agency* responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;¹⁴⁶

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section[;]: *Provided, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;*

(F) the President is authorized to issue guaranties up to a total face value of \$500,000,000 exclusive of informational

media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U. S. C. 1442), and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509(b) (3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration *or such other officer as the President may designate*, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U. S. C. 665) and 3732 (41 U. S. C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U. S. C. 1442), and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration *or such other officer as the President may designate* is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111 (c) (2);

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and in addition, shall pay a registration fee which shall be prescribed by such regulations. *Such regulations shall prohibit the importation or reimportation into the United States (other than for the Armed Forces of the United States) of arms or ammunition originally manufactured for military purposes, or parts thereof, except those which are curios or antiques and are not in condition to be used as firearms.*

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States ex-

cept for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed [\$7,000,000] \$5,500,000 to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve

their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. [The] *In addition to such assistance as may be furnished for this purpose in accordance with the provisions of title II of chapter II, the President is hereby authorized to use funds made available under this Act (other than chapter I, and title II of chapter II) to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. [Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section.]*

CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND

SEC. [400] 450. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed [\$250,000,000] \$185,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability[, or for assistance in accordance with the provisions of this Act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this Act. \$50,000,000 of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a)].

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed \$10,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority

contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection.

SEC. [401] 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available *for use* under this Act, not to exceed \$150,000,000, in addition to the funds authorized for [such use by section 400 (a) of this Act] *use under this subsection by subsection (b) of this section*, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds [pursuant to authorizations contained in] *for use under this Act*, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this [section] *subsection* may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this [section] *subsection* may be allocated to any one nation in any fiscal year.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$100,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. Any of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.*

[b] (c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under *subsection (a) of this section* may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

【TITLE V—MISCELLANEOUS PROVISIONS】

【CHAPTER 1—GENERAL PROVISIONS】

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries, and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Appropriations of the Senate (if the committee using such currency is a committee of the Senate or a joint committee of the Congress), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations. he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under [chapter 1 of title I] *chapter I* of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under [titles II, III, and IV, and chapter 3 of title I,] *chapters II and III* of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to [chapter 1 of title I] *chapter I*, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Whenever commodities, equipment, materials, or services are sold for foreign currencies the Presi-

dent, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Corporation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term “invention” means an invention or discovery covered by a patent issued by the United States; and

(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with

the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. *Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).*

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under [title II or chapter 3 of title I] *title I of chapter II* of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under [title II or chapter 3 of title I] *title I or II of chapter II* of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the pro-

curement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under [title I] *chapter I* or *title I of chapter II* out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis under [chapter 1 of title I] *chapter I* for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not

apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section [401] 451 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with them.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: Provided, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—After June 30, 1958, no agreement or grant which constitutes an obligation of the United States under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 450 (a)—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans

necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

All funds obligated for assistance pursuant to each agreement or grant described in subparagraph (1) or (2) of this section shall be used only to liquidate the obligations pursuant to such agreement or grant, and any funds not so used shall revert to the Treasury of the United States. This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 518. PROTECTION OF UNITED STATES ECONOMY.—*Operations under titles I and II of chapter II shall be reviewed at least once a year by a committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, and the Secretary of Agriculture for the purpose of determining whether such operations have adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. If the committee finds that the economy of the United States in general or any area of substantial labor surplus in particular has suffered undue adverse effects as a result of such operations, the committee shall make appropriate recommendations to the President and the Congress.*

【CHAPTER 2—ORGANIZATION AND ADMINISTRATION】

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT—(a) Except as provided in subsection (b) and section 413(b)(4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II of this Act through the Secretary of State.

(c) The President shall continue to exercise the powers conferred on him under [chapter 3 of] title I of chapter II, relating to defense support, only through the Secretary of State and his subordinates.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out [chapter 1 of title I] *chapter I* of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than [chapter 1 of title I] *chapter I*, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters

of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

(c) Under the direction of the President, the Secretary of State shall:

(1) coordinate the various forms of assistance authorized by this Act so that the foreign policies of the United States may be best served thereby; and

(2) determine the value of the program under [chapter 1 of title I] *chapter I* for any country.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may

be necessary incident thereto: *Provided*, that such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act, and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided,* That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations

available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act, and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employer is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be

assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment of receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530 (a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U. S. C. 55a).

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Com-

pensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, [400,] 450, 416, 413(b), and 418 of this Act.

SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be consistent with and in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

SEC. 537. PROVISIONS ON USES OF FUNDS—

(a) Appropriations for the purposes of this Act (except for [chapter 1 of title I] *chapter I*), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

(1) rents in the District of Columbia [for the fiscal year 1958];
(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U. S. C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) employment of aliens, by contract, for services abroad;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,300 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the continental United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U. S. C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families

of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the continental United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U. S. C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the continental United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while

such participants are en route or absent from their homes for purposes of participation in any such program.

(c) **[Not to exceed \$18,000,000]** *Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000 of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.*

(d) Funds made available under section **[400 (a)]** 450 (a) may be used for expenses (other than those provided for under section 411 (b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.*

[CHAPTER 3—REPEAL AND MISCELLANEOUS PROVISIONS]

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) The Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;
 (6) the Foreign Economic Assistance Act of 1950, as amended;
 including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to acts not named in subsection (a).

SEC. 543. SAVING PROVISIONS.—

(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

(d) Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security [Act of 1956 or the Mutual Security Act of 1957] Act of 1956, 1957 or 1958 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations. *Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the effective date of the Mutual Security Act of 1958.*

SEC. 544. AMENDMENTS TO OTHER LAWS.—

(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

(b) Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out "31.5" in the proviso at the end of section 2 and inserting "33.33".

(c) Section 104(h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: "such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;"

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term "commodity" includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of [chapter 1 of title I] *chapter I*, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve" as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess" as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under [chapter 1 of title I] *chapter I* the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or materials) shall mean—

(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(j) The term "agency administering nonmilitary assistance" shall refer to *the Development Loan Fund* and any agency to which authorities and functions under [chapter 3 of] title I, [title II,] title III, or title IV of *chapter II* or under *chapter III* of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

(k) The term "officer administering nonmilitary assistance" shall refer to *the Board of Directors of the Development Loan Fund* and any officer to whom authorities and functions under [chapter 3 of] title I, [title II,] title III, or title IV of *chapter II* or under *chapter III* of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

SEC. 546. CONSTRUCTION.—(a) If any provisions of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U. S. C. 2011).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 547. REDUCTION OF AUTHORIZATIONS.—* * * (Repealed)

SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.

SEC. 549. SPECIAL PROVISION ON AVAILABILITY OF FUNDS.—An amount equal to 25 per centum of the funds authorized to be appropriated for any fiscal year for purposes of title III of *chapter II* or section 403 of this Act is authorized to be continued available for three months beyond the end of the fiscal year for which appropriated.

DEFENSE BASE ACT (42 U. S. C. 1651)

That (a) except as herein modified, the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (44 Stat. 1424), as amended, shall apply in respect to the injury or death of any employee engaged in any employment—

(1) at any military, air, or naval base acquired after January 1, 1940, by the United States from any foreign government; or

(2) upon any lands occupied or used by the United States for military or naval purposes in any Territory or possession outside the continental United States (including Alaska; the

Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone); or

(3) upon any public work in any Territory or possession outside the continental United States (including Alaska; the Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone), if such employee is engaged in employment at such place under the contract of a contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) with the United States; but nothing in this paragraph shall be construed to apply to any employee of such a contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(4) under a contract entered into with the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract, or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States and at places not within the areas described in subparagraphs (1), (2), and (3) of this subdivision, for the purpose of engaging in public work, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in such public work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(5) *under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;*

irrespective of the place where the injury or death occurs, and shall include any injury or death occurring to any such employee during transportation to or from his place of employment, where the employer or the United States provides the transportation or the cost thereof.

(b) As used in this section, the term "public work" means any fixed improvement or any project involving construction, alteration, removal, or repair for public use of the United States or its Allies, including but not limited to projects in connection with the war effort, dredging, harbor improvements, dams, roadways, and housing, as well as preparatory and ancillary work in connection therewith at the site or on the project.

(c) The liability of an employer, contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) under this Act shall be exclusive and in place of all other liability of such employer, contractor, subcontractor, or subordinate contractor to his employees (and their dependents) coming within the purview of this Act, under the workmen's compensation law of any State, Territory, or other jurisdiction, irrespective of the place where the contract of hire of any such employee may have been made or entered into.

(d) As used in this section, the term "contractor" means any individual, partnership, corporation, or association, and includes any trustee, receiver, assignee, successor, or personal representative thereof, and the rights, obligations, liability, and duties of the employer under such Longshoremen's and Harbor Workers' Compensation Act shall be applicable to such contractor.

(e) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (3) and (4), subdivision (a) of this section, and the conditions set forth therein, shall become applicable to contracts and subcontracts heretofore entered into but not completed at the time of the approval of this Act, and contracting officers of the United States are authorized to make such modifications and amendments of existing contracts as may be necessary to bring such contracts into conformity with the provisions of this Act. No right shall arise in any employee or his dependent under subparagraphs (3) and (4), subdivision (a) of this section, prior to two months after the approval of this Act. Upon the recommendation of the head of any department, or other agency of the United States, the United States Employees' Compensation Commission, in the exercise of its discretion, may waive the application of the provisions of subparagraphs [(3) or (4),] (3), (4), or (5), subdivision (a) of this section, with respect to any contract, subcontract, or subordinate contract, work location under such contracts, or classification of employees.

(f) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (1), (2), (3), and (4), subdivision (a) of this section *or in any work under subparagraph (5), subsection (a) of this section* shall not apply with respect to any employee not a citizen of the United States who incurs an injury or death resulting in death subsequent to the effective date of this amendment.

**FIRST SECTION OF THE ACT OF JUNE 28, 1935
(49 STAT. 425)**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an appropriation of **[\$30,000]** \$33,000 annually is hereby authorized, **[\$15,000]** \$18,000 of which shall be for the annual contribution of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and \$15,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group.*

SECTION 101 OF THE GOVERNMENT CORPORATION CONTROL ACT (31 U. S. C. 846)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Government Corporation Control Act".

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and provide current financial control thereof.

TITLE I—WHOLLY OWNED GOVERNMENT CORPORATIONS

SEC. 101. As used in this Act the term "wholly owned Government corporation" means the Commodity Credit Corporation; Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Farm Mortgage Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; The Virgin Islands Corporation; Federal Prison Industries, Incorporated; United States Spruce Production Corporation; *Development Loan Fund*; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Prencinradio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U. S. Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or Public Housing Administration) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home

Owners' Loan Corporation; United States Housing Corporation; Federal Housing Administration; Saint Lawrence Seaway Development Corporation; Panama Canal Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated.

SECTION 2 OF THE ACT OF JULY 11, 1956 (70 STAT. 523)

SEC. 2. [An appropriation of \$36,000 annually is authorized, \$6,000 of which shall be for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Parliamentary Conference and] *There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and \$30,000, \$15,000 for the House delegation and \$15,000 for the Senate delegation, or so much thereof as may be necessary, to assist in meeting the expenses of the United States Group of the North Atlantic Treaty Parliamentary Conference for each fiscal year for which an appropriation is made, such appropriation to be dispersed on voucher to be approved by the Chairman of the House delegation and the Chairman of the Senate delegation.*

SECTION 5 OF THE ACT OF JULY 30, 1946 (22 U. S. C. 287q)

SEC. 5. The National Commission shall call general conferences for the discussion of matters relating to the activities of the Organization, to which conferences organized bodies actively interested in such matters shall be invited to send representatives: *Provided, however, That the travel and maintenance of such representation shall be without expense to the Government. Such general conferences shall be held annually or biennially, as the National Commission may determine, and in such places as it may designate. They shall be attended so far as possible by the members of the National Commission and by the delegates of the United States to the General Conference of the Organization. The National Commission is further authorized to call special conferences of experts for the consideration of specific matters relating to the Organization by persons of specialized competences. Under such regulations as the Secretary of State may prescribe, the actual transportation expenses of experts attending such conferences shall be borne by the Department of State, and they shall be allowed a per diem of \$10 in lieu of subsistence and other expenses, for the period of actual attendance and of necessary travel. The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury*

Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: Provided, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.

SECTION 2 (a) OF THE JOINT RESOLUTION OF JUNE 30, 1948, AS AMENDED (22 U. S. C. 272a (a))

SEC. 2. There is authorized to be appropriated annually to the Department of State—

[(a) such sums, not to exceed \$1,750,000 per annum, as may be necessary for the payment by the United States of its share of the expenses of the Organization] *(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses, as apportioned by the International Labor Conference in accordance with articles 13 (2) (c) and 13 (3) of the constitution of the Organization; and*

SECTION 101 (a) OF THE WAR HAZARDS COMPENSATION ACT, AS AMENDED (42 U. S. C. 1701)

INJURY OR DEATH

SEC. 101. (a) In case of injury or death resulting from injury—

(1) to any person employed by a contractor with the United States, if such person is an employee specified in the Act of August 16, 1941 (Public Law Numbered 208, Seventy-seventh Congress), as amended, and no compensation is payable with respect to such injury or death under such Act; or

(2) to any person engaged by the United States under a contract for his personal services outside the United States or in Hawaii, Alaska, Puerto Rico, or the Virgin Islands; or

(3) to any person employed as a civilian employee of a post exchange or ship-service store outside the United States or in Hawaii, Alaska, Puerto Rico, or the Virgin Islands; or

(4) *to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): Provided, That, in cases where the United States is not a*

formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.

and such injury proximately results from a war-risk hazard, whether or not such person then actually was engaged in the course of his employment, the provisions of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916 (5 U. S. C., ch. 15), as amended, and as modified by this Act, shall apply with respect thereto in the same manner and to the same extent as if the person so employed were a civil employee of the United States and were injured while in the performance of his duty, and any compensation found to be due shall be paid from the compensation fund established pursuant to section 35 of said Act of September 7, 1916, as amended. This subsection shall not be construed to include any person who would otherwise come within the purview of such Act of September 7, 1916, as amended.

ADDITIONAL VIEWS OF MR. HAYS OF OHIO

The committee was apprised of the fact that the Department of State after a full and exhaustive review of all of the facts in the claim of an American citizen against the Government of Guatemala, including the explanations of the Government of Guatemala, found that the claim of such American citizen against the Government of Guatemala was one warranting an equitable adjustment between the claimant and the Guatemalan Government, and represented these findings to the Guatemalan Government in an aide memoire dated October 20, 1950. The Department of State requested that the Government of Guatemala negotiate the settlement of the claim. This aide memoire did not produce the requested results. Thereafter on August 11, 1955, the Department of State delivered to the Guatemalan Government another aide memoire in which it reaffirmed its previous position and asked for an early expression of the views of the Government of Guatemala on this matter. The Government of Guatemala failed to make a formal response to this aide memoire. Some committee members felt reluctant to give millions of dollars to the Government of Guatemala until arrangements satisfactory to the Secretary of State have been entered into for the equitable adjustment of such claim.

MINORITY REPORT

Since the year 1948 almost 49 billion tax dollars have been appropriated for foreign aid. The present bill authorizes an additional \$2.96 billion—the appropriation request is \$644 million more, including \$625 million for the Development Loan Fund which was authorized last year.¹ The executive branch this year requested \$3.298 billion. The reduction voted by the committee amounted to only \$339 million—a reduction far less than that voted in many other years.

These tax dollars have purchased neither friends nor the desired security. Despite the appropriation of this \$49 billion there has been no demonstration that the foreign aid program has been successful in achieving a stable and secure world. Furthermore, the program has lacked consistency and direction. There have been notable laxities in the administration and in the expenditure of funds. We call once more for a consistent and well-reasoned approach to the entire problem of foreign aid. Because we are determined to meet the security needs of the United States, we continue to demand the reestablishment of congressional control and the elimination of inefficiency in administration.

Furthermore, some of us have repeatedly warned against the shortcomings of a policy based on the premise that friends can be bought, and events themselves are proving it to be a course of imprudence.

More than ever it is essential to point to the areas where savings can be accomplished and where operations can be tightened with better results and a consequent saving to the American taxpayer.

Paramount among the deficiencies in the mutual security bill for 1958 are overfunding and loss of congressional control over the foreign aid program.

THE FOREIGN AID PROGRAM IS OVERFUNDED

The mutual security program is overfunded. It is estimated that as of June 30, 1958, there will be a total unexpended balance of \$5,194,922,000. To this the bill under consideration adds a new authorization of \$2,958,900,000. In addition, the appropriation request includes \$644,192,500 which was authorized last year. This will make a total dollar pipeline of \$8,798,014,500. There must also be added, however, a total of \$1,861,887,000 in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies. There must also be added the anticipated deposits during fiscal year 1959 of additional local currencies similar to those above of \$1,469,406,000. These sums when added

¹ The remainder of the \$644 million includes \$12.5 million pursuant to a continuing authorization for the Intergovernmental Committee for European Migration and \$6.7 million for State Department administrative expenses pursuant to a continuing authorization.

together mean that there will be \$12,129,307,500 in the pipeline consisting of \$8,798,014,500 in dollars and \$3,331,293,000 in local currencies.

Although many of the local currencies cannot be used in precisely the same manner as dollars, local currencies could, if the effort were made, greatly reduce the request for additional dollar authorizations. To grant additional funds, when such huge sums are already available, is clearly unnecessary. Strenuous efforts should be made to use more efficiently funds in the pipeline, rather than to authorize additional billions.

THE POLICY UNDER WHICH MILITARY ASSISTANCE IS GIVEN SHOULD BE REVIEWED

There are many portions of the program, both economic and military, which have no relationship with United States bases or with the major deterrent power of the United States. Much of the equipment furnished under the military assistance program—which incidentally, is frequently obsolete and obsolescent—is by the executive branch's own admission used in countries in which there are no United States bases and in countries having no relation to the base complex. This equipment would have no effect against major Soviet aggression. In many instances the forces supported have no relation to our retaliatory forces or to our ability to withstand Soviet assault.

The lack of consistency in approach is highlighted by our continuing to furnish massive amounts of assistance to those who are either neutral or who lean toward the Soviet Union. In some cases our aid has been more substantial for neutrals than for our friends.

There has been overfunding of the program to meet marginal requirements such as the provision of military equipment having no relation to the capacity of the United States or of other nations to meet major Soviet aggression, and for the provision of assistance to neutrals or to those nations sympathetic with the Soviet Union. In view of this overfunding, it is apparent that the program should be critically examined. Such an examination has not been undertaken. The proper course is for the Congress to reduce further the authorizations for the foreign-aid program in order to eliminate the overfunding.

Much of our military assistance is beyond the capacity of the recipient nation to utilize. Even more fundamental it is frequently resented by the local populations as representing an effort by the United States Government to interfere in domestic policy. Much of the equipment is capable of being used by recipient governments for the subjection of the local populations or for use against friendly neighboring countries.

THE LOSS OF CONGRESSIONAL CONTROL OVER THE MILITARY ASSISTANCE PROGRAM CONTINUES

This year the bill authorizes \$1.64 billion for military assistance, a reduction of only \$160 million below the \$1.8 billion requested by the executive branch. The reduction in dollars, however, is more than offset by the creeping loss of congressional control over funds and administration.

Each year there is further shrinkage in the degree of control exercised by the Congress. This progressive loss of control of funds

inevitably leads to loss of administrative control, which will be discussed later in this report. Last year the Congress authorized the appropriation of military assistance funds on a no-year basis; that is, funds would continue available until obligated without reference to fiscal years. This year the bill repeats last year's error of continuing funds available until obligated. Fortunately, however, when appropriations for last year were voted, the Congress regained a modicum of the control which it had abandoned. The appropriation bill provided that the funds would continue available, not indefinitely, but only until December 31, 1958. It is estimated—how realistically we cannot say—that \$25 million will be unobligated as of June 30, 1958. In this instance there is no incentive for the executive branch to make realistic estimates of unobligated funds. Even if there is an error in the hundreds of millions, the funds will still continue available until December 31, 1958. By the time the "error" may have been discovered, the Congress will have long since made new appropriations. The removal of a time limit on authorizations and appropriations has the inevitable effect of reducing the incentive for prudent management and reporting. Furthermore, we would inquire as to why, if only \$25 million is to be unobligated on June 30, 1958, it is necessary to retain in the legislation a provision that funds shall continue to be available indefinitely. If, as is claimed, management has been so improved that there are only small unobligated balances at the end of the fiscal year, there is no need for no-year funds. Finally, it should be pointed out that the use of the no-year technique removes a major segment of congressional control since final reports will not be in until long after Congress has adjourned.

The loss of congressional control over funding results in a loss of control over administration as well as policy. Originally, the military-assistance appropriations were by regions. Now there are lump-sum appropriations which specify nothing. If authorizations and appropriations are not delimited as to the use to which they can be put, then Congress has lost control and the administration of the funds granted can become progressively worse.

The inability by the Congress to control expenditures both on a regional basis and on a functional basis results in a loss of congressional control over foreign policy. Under the proposed legislation the \$185 million authorized for special assistance and \$100 million authorized for the Contingency Fund can be used for practically any purpose in almost any area of the world. In addition the President may transfer up to 10 percent of any appropriation made pursuant to any provision of the act (except for the Development Loan Fund) to any other provision of the act except that the provision to which the transfer is made may not be increased by more than 20 percent. Under the transferability provisions all restrictions on the use of funds are sharply reduced.

THE REPORTS BY THE COMPTROLLER GENERAL ILLUSTRATE THAT LOSS OF CONGRESSIONAL CONTROL RESULTS IN ADMINISTRATIVE LAXNESS

During the past 9 months the Comptroller General has released 12 reports on the military assistance program, one covering operation

of the program generally, another covering the Army's administration of its portion of the program, one covering redistribution of excesses, and the remainder covering individual country programs. Without exception, the Comptroller General, in each of these reports, criticized slipshod programing, faulty execution of military assistance, and the lack of long-range programing. These faults are attributable to relinquishment by the Congress of its control over the foreign aid program, and the previous failure by the Congress to insert legislative provisions compelling close adherence to reasonable standards of performance. Specifically, the Comptroller General found numerous instances where material was programed even though the material was already on hand in sufficient quantities in the recipient country or in a neighboring country in surplus quantities. He found instances of aircraft being delivered before the pilots had been trained. In another case, he found that vehicles were programed and radios for the vehicles were similarly programed. The radios remained on the schedule for delivery even after the vehicles had been deleted from the program. He also found that under the heading of military assistance, band instruments and water coolers were programed for Turkey, and nylon stockings for Korea. The above are only a few of a huge catalog of deficiencies in programing and administration found by the Comptroller General. Other instances could be given but much of this information has been classified by the Department of Defense.

We were alarmed at the following statement by the Comptroller General:

At the time of our review, the military assistance program had never been subject to a systematic and continuous internal audit and management review. No group within the Department of Defense had been assigned responsibility for such an audit (hearings, p. 39, pt. 1).

In view of our repeated criticisms over the years of the administrative deficiencies in the foreign aid program, it is disturbing that an overall audit has only been initiated within the last 6 months.

The Comptroller General further recommended that the executive branch engage in long-range planning for the military assistance program. The Comptroller General's plan is reasonable. He recommends that the executive branch project planning a few years into the future in order to evaluate operations on an annual basis.

The Comptroller General stated:

Mr. Chairman, yesterday in my statement I mentioned seven major basic findings and recommendations and I believe we have put in the record an expansion on the first recommendation and also on the seventh.

The following remarks relate to the second item. That is the need for development of long-range program plans.

At the time of our review, no estimates had been developed of the aggregate long-range costs of equipping, maintaining, and modernizing Allied military forces or otherwise achieving United States objectives in the countries being supported.

Therefore, the Congress had no direct way of relating annual appropriation requests to overall program costs or of evaluating program accomplishments in relation to plans presented in earlier years.

The National Security Council and the Department of Defense have indicated that continued support of all force objectives, worldwide, will probably require United States resources beyond those likely to be available for such purposes. However, we have not found any evidence that the objectives were being systematically analyzed and found to be within the limit of available resources and not excessive for the accomplishment of the United States purposes before these objectives are accepted as the bases for military assistance.

Although continued support of all current foreign military force objectives may, in the aggregate, require funds over and above those likely to be available, it is not clear at what time and in what manner these objectives will be brought into harmony with likely availabilities.

We believe that a determination should be made as to whether the aggregate costs are within the long-range capability of the United States and are not excessive for accomplishment of United States objectives.

Otherwise, the United States will be faced at some stage with the problem of having equipped forces which the United States on a worldwide basis is unwilling to support or is incapable of supporting and which, if they are not maintained by the United States, the country or countries involved cannot or will not support.

So far as we have been able to determine, the budget justification being submitted by the executive agencies for funds to carry out the military assistance program do not contain estimates of the long-range costs of achieving United States objectives in the individual countries being supported.

In summary, we believe that major policy decisions with respect to the aid programs for individual countries, and in the aggregate, can best be arrived at if the financial implications of alternative courses of action are recognized, and that the development of long-range program costs will assist in providing this information.

We recognize that the world situation is dynamic, and that no absolute figure for future foreign aid can be established and adhered to rigidly. Changes in technology, in the economic or political capabilities of other countries, and in United States purposes throughout the world will affect directly the level of aid.

However, we do not believe that these considerations should keep the executive agencies from analyzing the future financial implications of presently approved programing goals, and from developing their annual budget requests within the framework of such analyses.

As additional objectives are established, the estimated costs of their accomplishment would be taken into consideration and allowance made for their impact on the presently established goals (hearings, pp. 37-38, pt. 1).

Even this modicum of control is resisted by those engaged in operating the military assistance program.

An even more fundamental deficiency found by the Comptroller General, however, is the presence in the military assistance program of unrealistic force objectives. Equipment is being programed for units which the recipient nation can never support. The only inference to be drawn from the Comptroller General's report is that under the existing system of military assistance we will be expected to support those units and the countries to which they belong indefinitely and with no prospect of an improvement of the situation. In some countries force objectives far exceed financial capability and manpower resources. Such deficiencies in programing and administration should be corrected by the Congress. Nothing in the present legislation attacks the problem. Perhaps a deeper cut in the military assistance program might lead to better management.

The minority commends the Comptroller General for the appropriate study which he has made.

CONGRESS HAS LOST ITS CONTROL OVER ECONOMIC ASSISTANCE

The House Government Operations Committee has pointed to the deficiencies in that category of aid known as defense support. We wish to underline their comments. The Congress has been misled and the American public has been misled under the guise of "defense support." The report stated:

1. The definition of "defense support," the largest single element in the mutual security program other than "military assistance," is interpreted so broadly by the executive branch that it is virtually impossible to determine whether or not an expenditure made under it is in accordance with legislative intent.

2. Executive branch witnesses, in last year's appearances before the authorizing and appropriations committees, consistently gave the impression that substantial defense support funds were to be expended in direct support of host country military budgets, when actually only a small portion of the funds were so employed.

* * * * *

8. To the extent that economic development is disguised as "defense support," a term which implies a military purpose, the Congress and the public are being misled. (H. Report No. 1374, pp. 1-2).

Dams have been built which furnish no electricity; roads have been built that lead to nowhere; and vast sums of money have been poured

into projects which do not have any economic justification, let alone a defense justification. There is proven waste in defense support spending in Iran, in Korea, in Vietnam, and in countless other nations and yet this bill does little to strengthen congressional control over the programing and expenditure of these funds.

The Comptroller General has repeatedly criticized the failure to present detailed justifications for projects contemplated to be carried out with our economic aid. He has repeatedly criticized the technique of the so-called illustrative programs. When these programs are presented, Congress does not know how the funds will actually be used.

Once more in this bill defense support and technical cooperation are authorized on the basis that the funds appropriated are to continue available until expended. The deficiencies inherent in the use of no-year authorizations and appropriations have been pointed out previously. Lack of a limitation on the authorizations and on the appropriations means that the executive branch can, in effect, build up a bank of foreign aid funds over which the Congress has no control. As in the case of funds for military assistance, there is no incentive for prudent management.

We commend the inclusion of the new section 517 which requires that detailed planning be undertaken prior to obligation and that funds obligated for a project be used for that project and no other.

We urge that more emphasis be put upon the technical assistance program. We further recommend that more consideration be given to Latin America.

CONGRESS HAS NO CONTROL OVER THE ACTIVITIES OF THE DEVELOPMENT LOAN FUND

Last year we seriously questioned the proposed composition of the Development Loan Fund and the policy of making soft loans under the Development Loan Fund. We criticized the proposed borrowing from the United States Treasury and the technique of advance authorizations. Our predictions of the loss of congressional control have come true. This year Congress is not even able to pass on the authorization for the Development Loan Fund, since last year we handed the executive branch a postdated blank check for \$625 million for fiscal year 1959. We have had no opportunity to review plans or proposals. All we have learned is that \$75 million has been lent to India with repayment to be made in rupees and that an additional \$51,650,000 will probably be lent to various countries in the near future. The Congress has had no opportunity to review these proposals in advance nor will the Congress at any time have an opportunity to pass on any operations of the Development Loan Fund. This occurs because the committee has already authorized no less than \$1.125 billion for the Fund.

THE BEST MEANS OF REASSERTING CONGRESSIONAL CONTROL OVER THE
FOREIGN AID PROGRAM IS TO REDUCE AUTHORIZATIONS

Since the foreign aid program is not the subject of a country-by-country or function-by-function authorization, the only recourse left to the Congress is to reduce drastically authorizations and appropriations and thereby compel the executive branch to reevaluate its programs and to eliminate those which are overfunded. The power of the purse is the only real power still left to Congress. It must be exercised with vigor and intelligence. This is the most effective way that the House can make its voice heard in foreign policy.

The accompanying map illustrates the extent of United States commitments to other nations.

To illustrate the cost to the American people there follows a summary of tables prepared by the Legislative Reference Service of the Library of Congress showing the distribution of United States grants and credits by function and by country.

The figures given are for the period July 1, 1945, through June 30, 1957. None of the country figures include military assistance since military assistance figures are not broken down by country but are reported on a geographical basis only. Consequently, the country tables for grants reflect only economic and technical assistance. Furthermore, there are excluded from the present tables transactions by and with the International Bank, the International Monetary Fund, and the International Finance Corporation.

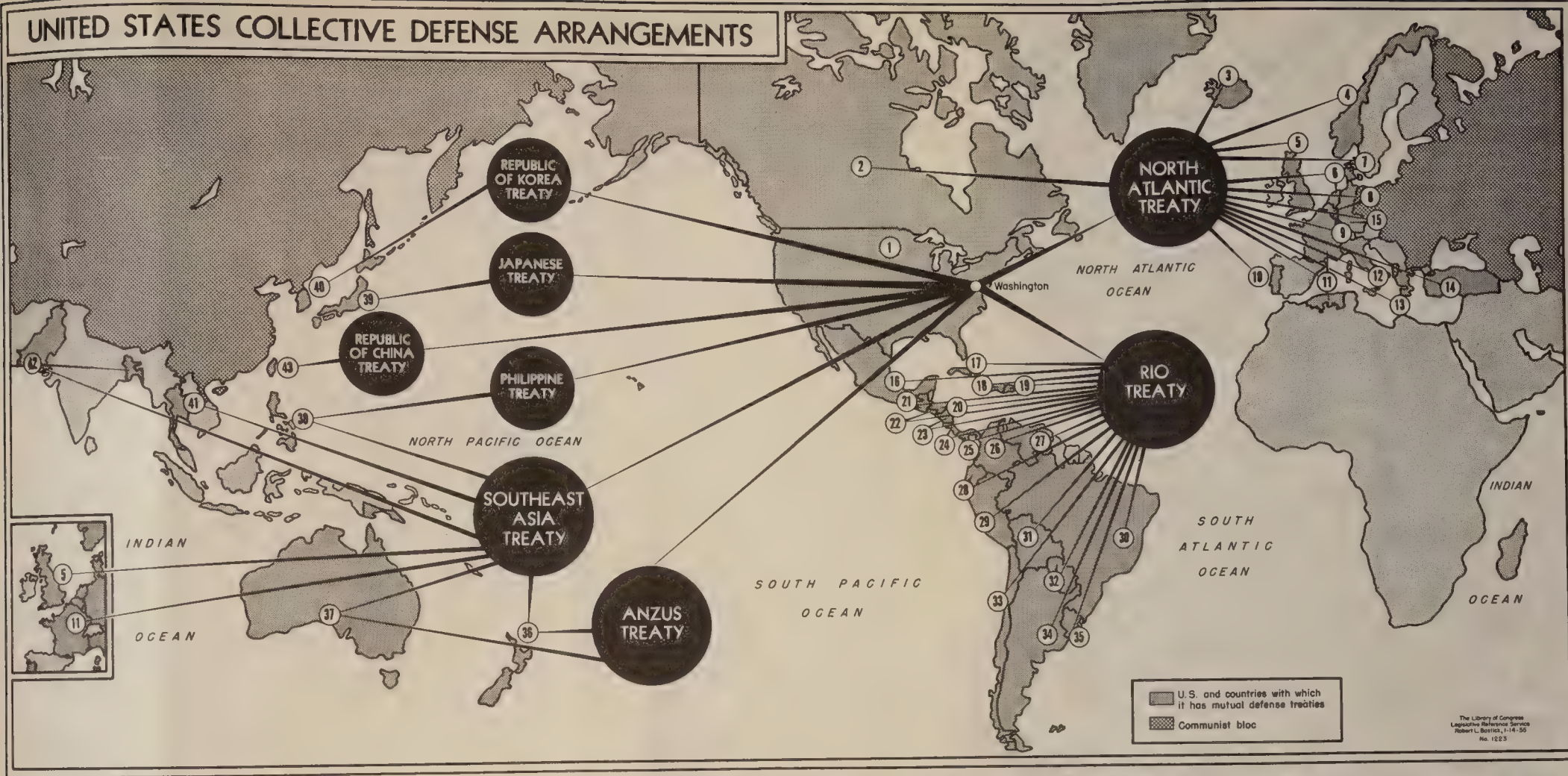
For the purpose of these tables, grants are transfers for which no repayment is generally expected, but might involve an obligation on the part of the receiver to extend aid to the United States or other countries to achieve a common objective. Similarly, for the purpose of these tables credits are loan disbursements or transfers under agreements for specific repayments over a period of years, usually with interest. In some instances aid has been given under grants with the understanding that a decision as to repayment would be made at a later date. When such a decision for repayment is made a credit is established. As a rule such credits are not deducted from the grants recorded in previous periods. Only after the agreement for repayment is signed is an adjustment made from grants to credits.

Credits to individual countries include loans to private entities in the country specified. Thus, loans to Canada represent credits extended solely to private interests.

Country data include Government grants of agricultural surpluses through American private-welfare agencies, churches, and international organizations. These agencies undertook the distribution of such surpluses as part of their overseas missionary commitments.

In table V the difference between utilization and net authorization is the amount of credit or loan not yet disbursed or drawn down by the borrowing country. Totals for principal repayments and amounts outstanding on June 30, 1957, should correspond to the utilization; differences are the totals written off as uncollectible. Since 1940 this item has involved an amount of only \$8,339,000 in a net utilization of \$16,535,502,000.

UNITED STATES COLLECTIVE DEFENSE ARRANGEMENTS



NORTH ATLANTIC TREATY (15 NATIONS)

A treaty signed April 4, 1949, by which "the parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and . . . each of them . . . will assist the . . . attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary including the use of armed force . . ."

- | | |
|------------------|--------------------------------|
| 1 UNITED STATES | 9 LUXEMBOURG |
| 2 CANADA | 10 PORTUGAL |
| 3 ICELAND | 11 FRANCE |
| 4 NORWAY | 12 ITALY |
| 5 UNITED KINGDOM | 13 GREECE |
| 6 NETHERLANDS | 14 TURKEY |
| 7 DENMARK | 15 FEDERAL REPUBLIC OF GERMANY |
| 8 BELGIUM | |

RIO TREATY (21 NATIONS)

A treaty signed September 2, 1947, which provides that an armed attack against any American State "shall be considered as an attack against all the American States and . . . each one . . . undertakes to assist in meeting the attack . . ."

- | | | |
|-----------------------|----------------|--------------|
| 1 UNITED STATES | 22 EL SALVADOR | 29 PERU |
| 16 MEXICO | 23 NICARAGUA | 30 BRAZIL |
| 17 CUBA | 24 COSTA RICA | 31 BOLIVIA |
| 18 HAITI | 25 PANAMA | 32 PARAGUAY |
| 19 DOMINICAN REPUBLIC | 26 COLOMBIA | 33 CHILE |
| 20 HONDURAS | 27 VENEZUELA | 34 ARGENTINA |
| 21 GUATEMALA | 28 ECUADOR | 35 URUGUAY |

ANZUS (Australia-New Zealand-United States) TREATY (3 NATIONS)

A treaty signed September 1, 1951, whereby each of the parties "recognizes that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it will act "to meet the common danger in accordance with its constitutional processes."

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|-----------------|
| 1 UNITED STATES |
| 36 NEW ZEALAND |
| 37 AUSTRALIA |

PHILIPPINE TREATY (BILATERAL)

A treaty signed August 30, 1951, by which the parties recognize "that an armed attack in the Pacific Area on either of the Parties would be dangerous to its own peace and safety" and each party agrees that it will act "to meet the common danger in accordance with its constitutional processes."

- | |
|-----------------|
| 1 UNITED STATES |
| 38 PHILIPPINES |

JAPANESE TREATY (BILATERAL)

A treaty signed September 8, 1951, whereby Japan on a provisional basis requests, and the United States agrees, to "maintain certain of its armed forces in and about Japan . . . so as to deter armed attack upon Japan."

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|-----------------|
| 1 UNITED STATES |
| 39 JAPAN |

REPUBLIC OF KOREA (South Korea) TREATY (BILATERAL)

A treaty signed October 1, 1953, whereby each party "recognizes that an armed attack in the Pacific area on either of the Parties . . . would be dangerous to its own peace and safety" and that each Party "would act to meet the common danger in accordance with its constitutional processes."

- | |
|----------------------|
| 1 UNITED STATES |
| 40 REPUBLIC OF KOREA |

SOUTHEAST ASIA TREATY (8 NATIONS)

A treaty signed September 8, 1954, whereby each Party "recognizes that aggression by means of armed attack in the treaty area against any of the Parties . . . would endanger its own peace and safety" and each will "in that event act to meet the common danger in accordance with its constitutional processes."

- | |
|------------------|
| 1 UNITED STATES |
| 5 UNITED KINGDOM |
| 11 FRANCE |
| 36 NEW ZEALAND |
| 37 AUSTRALIA |
| 38 PHILIPPINES |
| 41 THAILAND |
| 42 PAKISTAN |

REPUBLIC OF CHINA (Formosa) TREATY (BILATERAL)

A treaty signed December 2, 1954, whereby each of the parties "recognizes that an armed attack in the West Pacific Area directed against the territories of either of the Parties would be dangerous to its own peace and safety" and that each "would act to meet the common danger in accordance with its constitutional processes." The territory of the Republic of China is defined as "Taiwan (Formosa) and the Pescadores."

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|--------------------------------|
| 1 UNITED STATES |
| 43 REPUBLIC OF CHINA (FORMOSA) |



THE TREATY
(21 ARTICLES)

A treaty signed September 2, 1947, which provides that in armed attack against any American State shall be considered as an attack against all the American States and... each one... to assist in repelling the attack.

- 1 UNITED STATES 27 EL SALVADOR 28 PERU
- 16 MEXICO 28 NICARAGUA 30 GUATEMALA
- 17 COSTA RICA 31 PANAMA 32
- 18 HAITI 33 CUBA 34
- 19 DOMINICAN 35 VENEZUELA 36
- 20 HONDURAS 37 ECUADOR 38
- 21

ARTICLE 1

It is hereby agreed among the American States that in armed attack against any American State or States in Europe or North America shall be considered as an attack against all the American States and... each one... to assist in repelling the attack.

- 1 UNITED STATES 27 EL SALVADOR 28 PERU
- 16 MEXICO 28 NICARAGUA 30 GUATEMALA
- 17 COSTA RICA 31 PANAMA 32
- 18 HAITI 33 CUBA 34
- 19 DOMINICAN 35 VENEZUELA 36
- 20 HONDURAS 37 ECUADOR 38
- 21

TABLE I.—Foreign grants, by program, postwar period, July 1, 1945–June 30, 1957

[In thousands of dollars]

Programs	Total postwar period	Fiscal year 1956	Fiscal year 1957
Military and all other economic grants, total.....	\$53, 236, 997	\$4, 803, 222	\$4, 193, 693
Mutual security.....	38, 726, 829	4, 552, 314	3, 943, 780
Military aid.....	18, 475, 279	2, 990, 293	2, 365, 779
Other aid:			
Economic and technical aid.....	19, 491, 284	1, 422, 128	1, 433, 167
Famine and other relief:			
Wheat for Pakistan.....	67, 403		
Other famine relief.....	9, 375		
Under Agricultural Trade Act.....	260, 616	92, 557	81, 318
Chinese-Korean student aid.....	7, 429	6	1 ¹
International agencies:			
Movement of refugees.....	61, 765	10, 586	21, 419
Multilateral technical aid.....	91, 080	14, 972	15, 598
Palestine relief.....	169, 722	22, 772	26, 500
U. N. Korean Reconstruction Agency.....	92, 876		
Civilian supplies:			
Relief in Korea.....	442, 470	5, 376	2, 704
GARIOA funds.....	5, 279, 100	1, 559	805
From lend-lease supplies.....	134, 444		
International agencies:			
UNRRA.....	2, 588, 659		
Refugees.....	240, 766		
Children.....	130, 140	8, 363	14, 198
Post-UNRRA.....	298, 748		
Interim aid.....	555, 684		
Lend-lease:			
Military (China).....	679, 073		
Postwar pipelines.....	1, 227, 061		
Greek-Turkish aid:			
Military.....	530, 203		
Other.....	122, 484		
Philippine rehabilitation.....	634, 575		
Donations through private welfare.....	601, 872	184, 513	161, 932
Military equipment loans.....	366, 413	36, 259	45, 597
Chinese naval aid.....	141, 394		
Chinese military aid.....	119, 732		
Chinese stabilization.....	119, 594		
Foot-and-mouth-disease eradication.....	93, 891		
Other technical aid.....	51, 378		
Inter-American and other highways.....	46, 053	5, 953	15, 977
Trust territory aid.....	32, 529	4, 885	4, 690
Yugoslav aid.....	37, 560		
Berlin investment fund.....	12, 857		
Through American Red Cross.....	10, 435		
Libyan special purpose funds.....	13, 000	4, 000	4, 000
Reconstruction Finance Corporation.....	53		

¹ Credit.

Source: Library of Congress, Legislative Reference Service.

TABLE II.—*Foreign grants, by country, postwar period, 12 fiscal years, July 1, 1945–June 30, 1957*

[In thousands of dollars]

Country and program	Total post-war period	Fiscal year 1956	Fiscal year 1957
Total (military and economic).....	\$53, 236, 997	\$4, 803, 222	\$4, 193, 683
Breakdown of economic aid only.....	34, 761, 718	1, 812, 929	1, 827, 904
Argentina.....	282		84
Bolivia.....	72, 953	18, 053	23, 182
Brazil.....	44, 070	5, 969	17, 043
Chile.....	14, 287	2, 166	2, 622
Colombia.....	12, 812	3, 351	3, 333
Costa Rica.....	19, 578	2, 402	4, 581
Cuba.....	2, 237	468	521
Dominican Republic.....	2, 432	537	210
Ecuador.....	12, 147	2, 058	1, 869
El Salvador.....	7, 040	1, 357	1, 356
Guatemala.....	50, 797	16, 393	19, 023
Haiti.....	19, 776	6, 141	4, 315
Honduras.....	8, 998	1, 249	2, 247
Mexico.....	107, 397	1, 048	1, 691
Nicaragua.....	14, 116	2, 145	2, 410
Panama.....	15, 116	3, 142	4, 179
Paraguay.....	11, 127	1, 865	2, 018
Peru.....	29, 049	6, 235	9, 354
Uruguay.....	2, 447	297	259
Venezuela.....	2, 340	138	133
Other Latin America:			
Organization of American States.....	6, 667	1, 022	1, 671
Pan-American Sanitary Organization.....	1, 500		1, 500
Military supplies and services.....	377, 729	38, 040	61, 710
Other mutual security aid.....	9, 830	770	1, 169
Technical aid.....	3, 836		
Reconstruction Finance Corporation.....	1, 316		
Afghanistan.....	8, 175	1, 583	3, 899
Albania.....	20, 444		
Australia.....	12, 539		
Austria.....	1, 064, 928	8, 558	2, 865
Belgium-Luxembourg.....	582, 855	1, 434	80
Belgian Congo.....	32	16	14
Burma.....	21, 262	438	306
Canada.....	2 3, 964		
Ceylon.....	6, 050	130	5, 812
Czechoslovakia.....	185, 827		
Denmark.....	247, 635	94	1
Egypt.....	63, 776	29, 131	6, 948
Ethiopia.....	13, 645	3, 088	3, 762
Finland.....	3, 522	979	
Formosa (China-Taiwan).....	2, 297, 800	97, 078	97, 942
French Union.....	4, 396, 915	215, 598	62, 628
France.....	4, 395, 377	215, 269	61, 526
French Guiana.....	56		56
French West Africa.....	197	13	184
French West Indies.....	95	17	78
Other French Africa.....	337	299	38
Germany—East.....	17, 339	1 44	21
Germany—Federal Republic.....	3, 823, 967	43, 689	26, 652
Ghana.....	239	164	65
Greece.....	1, 719, 446	43, 802	39, 571
Hungary.....	16, 021		10, 166
Iceland.....	30, 150	211	391
India.....	272, 561	80, 974	53, 806
Indochina (3 states).....	878, 173	235, 680	333, 905
Cambodia.....	82, 860	27, 643	40, 702
Laos.....	114, 656	37, 260	48, 949
Vietnam.....	570, 346	168, 163	244, 205
Unspecified (all 3 states).....	110, 311	2, 614	49
Indonesia.....	128, 012	7, 401	9, 391
Iran.....	237, 963	29, 326	49, 674
Iraq.....	11, 504	3, 096	2, 585
Ireland.....	18, 346		
Israel.....	265, 850	20, 169	15, 955
Italy and Trieste.....	2, 675, 895	64, 559	49, 053
Italian Somaliland.....	438	43	395
Japan and Islands.....	2, 604, 373	17, 298	22, 590
Japan.....	2, 378, 797	15, 384	18, 192
Ryukyu and other islands.....	225, 563	1, 914	4, 398

See footnotes at end of table.

TABLE II.—Foreign grants, by country, postwar period, 12 fiscal years, July 1, 1945–June 30, 1957—Continued

[In thousands of dollars]

Country and program	Total post-war period	Fiscal year 1956	Fiscal year 1957
Jordan.....	\$37,928	\$5,674	\$8,738
Korea.....	1,834,248	320,813	308,455
Lebanon.....	21,996	3,730	4,740
Liberia.....	8,561	1,553	1,554
Libya.....	49,969	12,841	21,970
Morocco.....	2,764	246	1,951
Nepal.....	5,606	999	1,905
Netherlands Union.....	915,554	1,120	3,766
Netherlands.....	914,538	874	3,299
Netherlands New Guinea.....	23	23	—
Surinam.....	993	223	467
New Zealand.....	2,300	—	—
Norway.....	236,991	1,938	509
Pakistan.....	275,825	99,884	54,114
Palestine.....	175	—	—
Philippines.....	788,861	18,006	24,752
Poland.....	364,978	—	—
Portugal and possessions.....	30,623	2,919	11,996
Portugal.....	30,140	2,731	11,923
Portuguese Africa.....	81	61	20
Portuguese India.....	402	127	53
Rhodesia and Nyasaland.....	1	—	—
Saudi Arabia.....	4,252	69	13
Spain and Canary Islands.....	241,022	79,078	124,396
Spain.....	241,006	79,062	124,396
Canary Islands.....	16	16	—
Sudan.....	6	6	—
Sweden.....	87,143	—	—
Switzerland.....	1,803	—	—
Syria.....	1,080	77	54
Tangier.....	17	—	—
Thailand.....	86,560	25,134	34,742
Tunisia.....	6,931	66	6,582
Turkey.....	593,205	86,717	82,072
U. S. S. R.....	465,434	—	—
United Kingdom and dependencies.....	3,813,902	31,673	41,796
United Kingdom.....	3,798,179	25,904	34,848
Aden.....	6	—	6
Bahamas.....	127	68	59
British Borneo.....	366	173	150
British East Africa.....	163	90	73
British Guiana.....	333	136	122
British Honduras.....	562	358	125
British Leeward and Windward Islands.....	611	62	448
Gambia.....	84	34	50
Hong Kong.....	8,929	2,605	4,334
Jamaica.....	1,548	804	741
Malaya.....	911	326	219
Malta.....	1,646	1,002	313
Nigeria.....	88	42	38
Sierra Leone.....	13	6	6
Singapore.....	55	46	—
St. Helena.....	18	—	18
Trinidad and Tobago.....	116	—	116
Unspecified British Africa.....	147	17	130
Yugoslavia.....	780,454	43,498	45,241
Trust Territories (Caroline, Mariana, and Marshall Islands).....	36,973	4,885	4,690
International organizations:			
European Payments Union.....	238,084	—	—
European Productivity Agency.....	2,000	1,000	250
Intergovernmental Committee for European Migration.....	53,665	9,386	14,519
Intergovernmental Committee on Refugees.....	3,650	—	—
International Refugee Organization.....	237,116	—	—
OEEC.....	1,500	—	1,500
United Nations.....	267,235	36,922	52,327
United Nations Children's Fund.....	130,140	8,363	14,198
Unspecified areas, regional:			
Asia and Pacific ¹	3,752,371	702,128	665,311
Europe ²	12,478,908	1,844,332	1,225,103
Near East, Africa, and South Asia ³	2,157,391	388,706	395,356
Other areas ³	468,379	52,117	76,142

¹ Credit.² Repaid.³ Includes military assistance.

Source: Library of Congress, Legislative Reference Service.

TABLE III.—Reverse grants and returns on grants, by country, total postwar period, July 1, 1945–June 30, 1957

[In thousands of dollars]

Country	Total postwar period	Fiscal year 1956	Fiscal year 1957
Total.....	\$1,724,127	\$76,441	\$76,853
American Republics.....	53,780	43	85
Brazil.....	52,880		
Bolivia.....	28		23
Chile.....	78		
Colombia.....	164		
Cuba.....	48		
Dominican Republic.....	205	43	62
Ecuador.....	29		
Haiti.....	7		
Honduras.....	30		
Mexico.....	73		
Nicaragua.....	34		
Paraguay.....	7		
Peru.....	117		
Uruguay.....	66		
Venezuela.....	24		
Australia.....	20,000		
Austria.....	53,942	2,973	¹ 1
Belgium-Luxembourg.....	7,480	1,208	488
Burma.....	625		
Canada.....	3,964		
Czechoslovakia.....	173		
Denmark.....	16,318	200	324
Egypt.....	58		58
Ethiopia.....	433	152	175
Formosa (China-Taiwan).....	72,662	282	¹ 346
France.....	242,283	1,977	1,229
Germany.....	80,544	3,073	1,058
Greece.....	79,266	2,577	197
Iceland.....	1,777		
India.....	28,611		
Indochina.....	10,989	1,840	2,238
Cambodia.....	322	57	201
Laos.....	29	29	
Vietnam.....	4,262	1,754	2,037
Unspecified.....	6,375		
Indonesia.....	5,106	83	61
Iran.....	7,878		
Iraq.....	359	155	62
Ireland.....	910		
Israel.....	458		
Italy-Trieste.....	87,189	1,482	1,329
Japan.....	3,947	1,585	1,062
Jordan.....	63		
Korea.....	17,926	8,854	
Netherlands.....	54,424	238	379
Norway.....	24,279	561	545
Pakistan.....	9,652	2,022	3,211
Philippines.....	4,942	860	821
Poland.....	110		110
Portugal.....	3,791	281	296
Spain.....	102,409	37,023	54,900
Thailand.....	4,990	873	963
Turkey.....	33,386	3,634	6,556
U. S. S. R.....	39,204	28	
United Kingdom.....	530,592	1,404	599
Yugoslavia.....	27,105	3,033	454

¹ Credit.

Source: Library of Congress, Legislative Reference Service.

TABLE IV.—*Foreign credits utilized, by country, total postwar period July 1, 1945, to June 30, 1957*

[In thousands of dollars]

Country	Total postwar period	Fiscal year 1956	Fiscal year 1957
Total.....	\$15,280,299	\$475,053	\$431,453
American Republics.....	1,487,768	86,579	152,809
Argentina.....	101,675		
Bolivia.....	42,506	3,860	1,041
Brazil.....	690,468	38,741	76,550
Chile.....	126,449	200	4,703
Colombia.....	62,439	341	1,106
Costa Rica.....	6,882	3,961	2,220
Cuba.....	35,341		8,851
Ecuador.....	34,052	5,988	4,360
El Salvador.....	634		58
Guatemala.....	2,179	440	1,606
Haiti.....	24,505	8,004	1,410
Honduras.....	236	14	14
Mexico.....	250,584	10,220	13,695
Nicaragua.....	674	60	14
Panama.....	4,000		
Paraguay.....	4,335	158	3,383
Peru.....	64,771	10,188	32,986
Uruguay.....	11,554		
Venezuela.....	17,743	4,276	166
Unspecified.....	6,741	143	646
Afghanistan.....	38,534	6,100	8,700
Australia.....	14,188		
Austria.....	34,783	1,527	3,148
Belgium-Luxembourg and Congo.....	239,522		
Belgium.....	234,972		
Luxembourg.....	3,000		
Belgian Congo.....	1,550		
Burma.....	5,043		
Canada.....	163,283	2	66
Ceylon.....	1		1
Czechoslovakia.....	20,583		
Denmark.....	56,680	2,316	23
Egypt.....	23,649		5,715
Ethiopia-Eritrea.....	5,799		2,400
Finland.....	126,102		
Formosa (China-Taiwan).....	264,141	17,842	16,943
French Union.....	2,471,166	1,429	1,211
France.....	2,464,616	1,429	1,211
Algeria.....	680		
French Equatorial Africa.....	4,368		
New Caledonia.....	1,501		
Germany.....	1,346,586	90	918
Greece.....	140,285	22,992	2,633
Hungary.....	15,917		
Iceland.....	6,214		554
India.....	227,226	22,351	127,515
Indochina-Vietnam.....	25,000	25,000	
Indonesia.....	158,102	8,782	4,300
Iran.....	89,965	12,359	13,225
Iraq.....	1,044		155
Ireland.....	128,200		
Israel.....	188,035	28,952	18,642
Italy.....	454,668	641	12,550
Japan.....	717,136	117,402	101,684
Korea.....	24,928		
Lebanon.....	1,550		
Liberia.....	26,837	1,300	2,250
Morocco.....	18,369	31	
Netherlands.....	436,035		
New Zealand.....	17,435	13,063	40
Norway.....	140,608		4
Pakistan.....	67,971	8,520	43,646
Philippines.....	147,027	4,766	8,932
Poland.....	77,720		
Portugal and Angola.....	53,669	2,547	53
Rhodesia and Nyasaland.....	60,686	10,965	6,978
Saudi Arabia.....	19,112		

See footnote at end of table.

TABLE IV.—*Foreign credits utilized, by country, total postwar period, July 1, 1945, to June 30, 1957—Continued*

[In thousands of dollars]

Country	Total postwar period	Fiscal year 1956	Fiscal year 1957
Spain.....	\$121,499	\$32,398	\$10,039
Sweden.....	24,200		
Syria.....	102	102	
Thailand.....	17,467	504	9,707
Turkey.....	169,004	24,574	15,606
Union of South Africa.....	147,066	21,526	16,029
U. S. S. R.....	222,495		
United Kingdom and dependencies.....	4,806,567		
United Kingdom.....	4,782,428		
British East Africa.....	2,394		
British Guiana.....	128		
British Honduras.....	13		
Jamaica.....	20,930		
Nigeria.....	674		
Yugoslavia.....	55,900		
Trust Territory of the Pacific Islands.....	402	394	8
European Coal and Steel Community.....	100,000		
United Nations headquarters loan.....	65,000		

¹ Credit.

Source: Library of Congress, Legislative Reference Service.

TABLE V.—*Net foreign loans and other credits, by country, period July 1, 1940–June 30, 1957¹—Utilizations, repayments, and totals outstanding on June 30, 1957*

[In thousands of dollars]

Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1957
Total.....	\$19,027,060	\$16,535,502	\$4,980,254	\$11,546,909
American Republics.....	2,734,465	1,879,065	936,532	940,209
Argentina.....	262,065	102,065	36,839	65,226
Bolivia.....	47,042	47,016	10,472	34,622
Brazil.....	1,164,496	786,160	314,338	471,791
Chile.....	197,033	148,916	86,921	61,995
Colombia.....	94,918	84,875	64,383	20,463
Costa Rica.....	23,546	14,057	2,428	16,629
Cuba.....	82,398	81,020	60,176	20,843
Dominican Republic.....	3,284	3,284		
Ecuador.....	47,935	39,619	11,330	28,286
El Salvador.....	1,581	1,534	1,483	50
Guatemala.....	2,354	2,178	338	1,841
Haiti.....	37,891	34,825	7,569	27,255
Honduras.....	5,878	1,131	1,120	11
Mexico.....	366,656	266,351	151,862	114,431
Nicaragua.....	7,588	5,325	4,994	330
Panama.....	21,368	6,488	5,626	862
Paraguay.....	17,250	9,740	6,079	3,662
Peru.....	161,301	64,772	8,050	56,721
Uruguay.....	19,448	18,640	11,077	7,553
Venezuela.....	27,828	22,887	19,099	3,516
Unspecified.....	142,605	138,184	129,063	9,121
Afghanistan.....	51,684	38,534		38,534
Australia.....	22,559	22,559	14,709	7,851
Austria.....	78,148	34,783	27,677	7,106
Bahrein.....	17,048	17,048	17,048	
Belgium-Luxembourg and Congo.....	239,522	239,522	102,214	137,308
Belgium.....	234,972	234,972	100,582	134,390
Luxembourg.....	3,000	3,000	82	2,918
Belgian Congo.....	1,550	1,550	1,550	

See footnote at end of table.

TABLE V.—*Net foreign loans and other credits, by country, period July 1, 1940–June 30, 1957*¹—Utilizations, repayments, and totals outstanding on June 30, 1957—Continued

[In thousands of dollars]

Country	Net author-izations	Utilizations	Repayments	Outstanding on June 30, 1957
Burma.....	\$47,343	\$5,043	\$3,303	\$1,740
Canada.....	198,695	196,070	195,600	470
Ceylon.....	2,500	1	-----	1
Czechoslovakia.....	30,377	30,377	25,507	4,870
Denmark.....	56,687	56,681	9,472	47,208
Egypt.....	25,464	23,649	15,759	7,890
Ethiopia-Eritrea.....	31,757	10,157	3,789	6,368
Finland.....	152,213	152,314	61,776	90,538
Formosa (China-Taiwan).....	407,858	382,642	195,336	187,306
French Union.....	2,483,954	2,471,165	793,517	1,676,151
France.....	2,477,405	2,464,616	792,688	1,671,923
Algeria.....	680	680	204	476
French Equatorial Africa.....	4,368	4,368	472	3,747
New Caledonia.....	1,501	1,501	154	-----
Germany.....	1,359,706	1,346,591	203,366	1,143,225
Greece.....	158,900	140,285	49,626	89,637
Hungary.....	15,917	15,917	4,377	11,540
Iceland.....	17,477	6,804	881	5,923
India.....	728,106	358,781	103,026	253,026
Indochina-Vietnam.....	50,000	25,000	-----	25,000
Indonesia.....	195,770	158,102	20,601	137,501
Iran.....	153,591	90,427	10,678	79,749
Iraq.....	1,374	1,044	910	134
Ireland.....	128,200	128,200	974	127,226
Israel.....	206,288	188,035	21,894	166,141
Italy.....	527,909	468,045	219,941	248,104
Japan.....	793,169	717,136	558,055	159,082
Korea.....	24,928	24,928	3,978	20,950
Latvia.....	11	11	11	-----
Lebanon.....	1,550	1,550	1,550	-----
Liberia.....	44,773	30,171	5,647	24,524
Libya.....	3,500	-----	-----	-----
Morocco.....	38,369	18,369	14,588	3,781
Netherlands.....	472,172	472,172	214,772	257,400
New Zealand.....	20,525	17,435	3,264	14,171
Norway.....	140,835	140,835	59,152	81,595
Pakistan.....	103,136	67,971	11,172	56,799
Philippines.....	229,733	147,027	67,584	79,443
Poland.....	111,268	81,268	24,846	56,422
Portugal and Angola.....	58,486	55,035	4,769	50,234
Portugal.....	58,317	54,917	4,732	50,185
Angola.....	168	118	37	50
Rhodesia and Angola.....	60,686	60,686	7,585	53,101
Saudi Arabia.....	31,826	31,826	12,037	19,789
Spain.....	140,710	135,180	40,195	94,984
Sweden.....	28,311	28,311	9,006	19,305
Syria.....	102	102	52	50
Thailand.....	29,593	17,467	6,617	10,850
Tunisia.....	2,500	-----	-----	-----
Turkey.....	205,300	169,004	40,277	128,727
Union of South Africa.....	152,855	147,066	24,395	122,671
U. S. S. R.....	222,495	222,495	-----	222,495
United Kingdom and dependencies.....	5,741,316	5,241,316	814,171	4,426,714
United Kingdom.....	5,716,709	5,216,709	804,676	4,412,033
British East Africa.....	2,394	2,394	421	1,973
British Guiana.....	128	128	-----	128
British Honduras.....	482	482	51	-----
Jamaica.....	20,930	20,930	8,349	12,581
Nigeria.....	674	674	674	-----
Yugoslavia.....	79,900	55,900	8,889	46,793
Trust Territory of the Pacific Islands.....	402	402	126	276
European Coal and Steel Community.....	100,000	100,000	-----	100,000
United Nations Headquarters.....	65,000	65,000	9,000	56,000

¹ Included in the credits since 1940 are data for Export-Import Bank activity during the period February 12, 1934, through June 30, 1940.

CONCLUSION

Despite this extension of our interest and unwonted generosity, there has developed among recipient nations no adequate understanding of our fundamental American purpose; no sufficient comprehension that we have undertaken a mutual effort to help men live and govern themselves in terms of freedom, equality, human dignity, and peace. There has, in fact, been little or no mutuality to the program. Merely voting more dollars for the continuation of such a program is not enough. What is needed is a more consistent policy, better programming, much better administration; and, what is more important, a complete review of the fundamental policy. To continue, without new direction or directives, a program that "has been tried and found wanting" is as dangerous as it is ineffective. This minority, which is second to none in its desire to maintain the security and peace of this country and of the world, has long held that the concept of mutual security, the implementation thereof, and the annual enabling legislation should be reviewed and revised. We again call for a review of the program and of the underlying policy.

In view of this, in view of the fact that Congress has failed to reassert its control over the mutual security program, in view of the failure of the justifications for the program to measure up to critical analysis, in view of administrative laxness in carrying out the program, and in view of the needless authorization of billions of dollars when the pipeline already contains billions, we cannot support the mutual security bill for 1958.

J. L. PILCHER.
MARGUERITE STITT CHURCH.
E. ROSS ADAIR.
ALVIN M. BENTLEY.



Union Calendar No. 672

85TH CONGRESS
2D SESSION

H. R. 12181

[Report No. 1696]

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1958

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

MAY 7, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1958".

5 SEC. 2. The first section of the Mutual Security Act of
6 1954, as amended, is amended by adding at the end thereof
7 the following: "This Act is divided into chapters and titles,
8 according to the following table of contents:

“TABLE OF CONTENTS

“CHAPTER I—MILITARY ASSISTANCE

“CHAPTER II—ECONOMIC ASSISTANCE

“Title I—Defense Support

“Title II—Development Loan Fund

“Title III—Technical Cooperation

“Title IV—Other Programs

CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended by striking out "1958" and "\$1,600,000,000" and inserting in lieu thereof "1959" and "\$1,640,000,000", respectively.

PROCUREMENT PROGRAMS RELATING TO MILITARY

ASSISTANCE

SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, is amended by inserting immediately before the period at the end thereof the following: “, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area”.

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1958" and "\$750,000,000" and inserting in lieu thereof "1959" and "\$775,000,000", respectively.

DEVELOPMENT LOAN FUND

SEC. 202. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the 'Development Loan Fund' (hereinafter referred to in this title as the 'Fund') which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil

1 actions, to be a resident thereof. It may establish offices in
2 such other place or places as it may deem necessary or
3 appropriate.”.

4 (2) In subsection (b), strike out all preceding “is here-
5 by” in the first sentence and substitute “The Fund”; strike
6 out “he” in the first sentence and substitute “it”; strike
7 out “and (3)” in the first sentence and substitute “(3)”;
8 insert before the period at the end of the first sentence “, and
9 (4) the possible adverse effects upon the economy of the
10 United States, with special reference to areas of substantial
11 labor surplus, of the activity and the financing operation or
12 transaction involved”; strike out “from” in the second sen-
13 tence and substitute “by”; insert after the third sentence
14 “The provisions of section 955 of title 18 of the United
15 States Code shall not apply to prevent any person, including
16 any individual, partnership, corporation, or association, from
17 acting for or participating with the Fund in any operation
18 or transaction, or from acquiring any obligation issued in con-
19 nection with any operation or transaction, engaged in by the
20 Fund.”; and strike out the last two sentences and substitute
21 the following new sentence: “The President’s semiannual
22 reports to the Congress on operations under this Act, as
23 provided for in section 534 of this Act, shall include detailed
24 information on the implementation of this title.”.

1 (b) Amend section 204, which relates to fiscal pro-
2 visions, as follows:

3 (1) In subsection (b), substitute "Fund" for "Presi-
4 dent" in the first sentence and strike out "against the Fund"
5 in that sentence; change "authorized" to "made available"
6 in the second sentence; and insert "assets of the" before
7 "Fund" in the third sentence.

8 (2) Strike out subsection (c) and substitute the fol-
9 lowing:

10 "(c) The Fund shall be deemed to be a wholly owned
11 Government corporation and shall accordingly be subject to
12 the applicable provisions of the Government Corporation
13 Control Act, as amended."

14 (c) Amend section 205, which relates to powers and
15 authorities, as follows:

16 (1) Insert "MANAGEMENT," before "POWERS" in the
17 heading of the section.

18 (2) Strike out subsections (a) and (b) and substitute
19 the following new subsections:

20 "(a) The management of the Fund shall be vested in
21 a Board of Directors (hereinafter referred to in this title
22 as the 'Board') consisting of the Deputy Under Secretary
23 of State for Economic Affairs, who shall be Chairman, the
24 Director of the International Cooperation Administration,

1 the Chairman of the Board of Directors of the Export-Import
2 Bank, the Managing Director of the Fund, and the United
3 States Executive Director on the International Bank for
4 Reconstruction and Development. The Board shall carry
5 out its functions subject to the foreign policy guidance of the
6 Secretary of State. The Board shall act by a majority vote
7 participated in by a quorum; and three members of the
8 Board shall constitute a quorum. Subject to the foregoing
9 sentence, vacancies in the membership of the Board shall
10 not affect its power to act. The Board shall meet for organi-
11 zation purposes when and where called by the Chairman.
12 The Board may, in addition to taking any other necessary
13 or appropriate actions in connection with the management
14 of the Fund, adopt, amend, and repeal bylaws governing the
15 conduct of its business and the performance of the authorities,
16 powers, and functions of the Fund and its officers and em-
17 ployees. The members of the Board shall receive no com-
18 pensation for their services on the Board but may be paid
19 actual travel expenses and per diem in lieu of subsistence
20 under the Standardized Government Travel Regulations in
21 connection with travel or absence from their homes or regu-
22 lar places of business for purposes of business of the Fund.

23 “(b) There shall be a Managing Director of the Fund
24 who shall be the chief executive officer of the Fund, who
25 shall be appointed by the President of the United States by

1 and with the advice and consent of the Senate, and whose
2 compensation shall be at a rate of \$20,000 a year. There
3 shall also be a Deputy Managing Director of the Fund, whose
4 compensation shall be at a rate not in excess of \$19,000 a
5 year, and three other officers of the Fund, whose titles shall
6 be determined by the Board and whose compensation shall
7 be at a rate not in excess of \$18,000 per year. Appoint-
8 ment to the offices provided for in the preceding sentence
9 shall be by the Board. The Managing Director, in his
10 capacity as chief executive officer of the Fund, the Deputy
11 Managing Director and the other officers of the Fund shall
12 perform such functions as the Board may designate and shall
13 be subject to the supervision and direction of the Board.
14 During the absence or disability of the Managing Director
15 or in the event of a vacancy in the office of Managing Direc-
16 tor, the Deputy Managing Director shall act as Managing
17 Director, or, if the Deputy Managing Director is also absent
18 or disabled or the office of Deputy Managing Director is
19 vacant, such other officer as the Board may designate shall
20 act as Managing Director. The offices provided for in this
21 subsection shall be in addition to positions otherwise
22 authorized by law."

23 (3) In subsection (c) :

24 (i) Strike out all in the first sentence preceding
25 " : enter into" and substitute "The Fund, in addition to other

1 powers and authorities vested in or delegated or assigned
2 to the Fund or its officers or the Board, may”;

3 (ii) Strike out “may be deemed” in the first clause of
4 the first sentence and substitute “it may deem”;

5 (iii) Strike out “under this title” in the fourth clause of
6 the first sentence and substitute “of the Fund”;

7 (iv) Strike out “the Manager of” in the fifth clause,
8 both times it appears in the seventh clause, and in the last
9 clause of the first sentence;

10 (v) Insert after the seventh clause of the first sentence,
11 following “collection;”, the following: “adopt, alter and use
12 a corporate seal which shall be judicially noticed; require
13 bonds for the faithful performance of the duties of its officers,
14 attorneys, agents and employees and pay the premiums
15 thereon; sue and be sued in its corporate name (provided
16 that no attachment, injunction, garnishment, or similar proc-
17 ess, mesne or final, shall be issued against the Fund or any
18 officer thereof, including the Board or any member thereof,
19 in his official capacity or against property or funds owned or
20 held by the Fund or any such officer in his official capacity) ;
21 exercise, in the payment of debts out of bankrupt, insolvent
22 or decedent’s estates, the priority of the Government of the
23 United States; purchase one passenger motor vehicle for use
24 in the continental United States and replace such vehicle
25 from time to time as necessary; use the United States mails

1 in the same manner and under the same conditions as the
2 executive departments of the Federal Government;”;

3 (vi) Strike out all following “operation” in the last
4 clause of the first sentence and substitute “, or in carrying
5 out any function.”.

6 (vii) Insert the following new sentence after the first
7 sentence of the subsection: “Nothing herein shall be con-
8 strued to exempt the Fund or its operations from the appli-
9 cation of sections 507 (b) and 2679 of title 28, United
10 States Code or of section 367 of the Revised Statutes (5
11 U. S. C. 316).”.

12 (4) Insert the following new subsections:

13 “(d) The Fund shall contribute, from the respective
14 appropriation or fund used for payment of salaries, pay or
15 compensation, to the civil service retirement and disability
16 fund, a sum as provided by section 4 (a) of the Civil
17 Service Retirement Act, as amended (5 U. S. C. 2254a),
18 except that such sum shall be determined by applying to the
19 total basic salaries (as defined in that Act) paid to the
20 employees of the Fund covered by that Act, the per centum
21 rate determined annually by the Civil Service Commission
22 to be the excess of the total normal cost per centum rate
23 of the civil service retirement system over the employee
24 deduction rate specified in said section 4 (a). The Fund

1 shall also contribute at least quarterly from such appropri-
2 ation or fund, to the employees' compensation fund, the
3 amount determined by the Secretary of Labor to be the full
4 cost of benefits and other payments made from such fund
5 on account of injuries and deaths of its employees which may
6 hereafter occur. The Fund shall also pay into the Treasury
7 as miscellaneous receipts that portion of the cost of adminis-
8 tration of the respective funds attributable to its employees,
9 as determined by the Civil Service Commission and the
10 Secretary of Labor.

11 “(e) The assets of the Development Loan Fund on the
12 date of entry into force of the Mutual Security Act of 1958
13 shall be transferred as of such date to the body corporate
14 created by section 202 (a) of this Act. In addition, records,
15 personnel, and property of the International Cooperation
16 Administration may, as agreed by the Managing Director
17 and the Director of the International Cooperation Admin-
18 istration or as determined by the President, be transferred
19 to the Fund. Obligations and liabilities incurred against,
20 and rights established or acquired for the benefit of or with
21 respect to, the Development Loan Fund during the period
22 between August 14, 1957, and the date of entry into force
23 of the Mutual Security Act of 1958 are hereby transferred
24 to, and accepted and assumed by, the body corporate created
25 by section 202 (a) of this Act. A person serving as Man-

ager of the Development Loan Fund as of the date of entry into force of the Mutual Security Act of 1958 shall not, by reason of the entry into force of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act.”.

TECHNICAL COOPERATION

SEC. 203. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out “\$151,900,000” and insert in lieu thereof “\$150,000,000 for use beginning in the fiscal year 1959”.

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Insert “AND RELATED PROGRAMS” after “CO-OPERATION” in the heading of the section; insert “and this Act” after “title” in the first sentence; and insert “and related” after “cooperation” in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations expanded program of technical assistance, strike out “\$15,500,000” and “1958” and substitute “\$20,000,000” and “1959”, respectively; insert “and such related fund as may hereafter be established” after “Assistance”; and in the proviso change “to this program” to “for such

1 purpose” and after the word “contributed” the first time it
 2 appears, strike the remainder of the subsection and insert
 3 “for such purpose and for each succeeding calendar year as
 4 much as but not to exceed 40 per centum of the total amount
 5 contributed for such purpose for that year.”

6 (3) In subsection (b), which relates to contributions to
 7 the technical cooperation program of the Organization of
 8 American States, strike out “1958” and substitute “1959”.

9 (c) Amend section 308, which relates to the Interna-
 10 tional Development Advisory Board, as follows:

11 (1) In the first sentence, strike out “such other officer
 12 as he may designate to administer this title”; insert before
 13 “, with respect to” the phrase “appropriate officers admin-
 14 istering nonmilitary assistance”; insert after “operation of”
 15 the phrase “the Development Loan Fund and ”; and, strike
 16 out “, title II,”.

17 (2) In the third sentence, insert after “groups inter-
 18 ested in the” the phrase “Development Loan Fund and
 19 above-mentioned”; insert “science,” before “and education”;
 20 and insert after “education” the phrase “, and may be as-
 21 sisted by advisory committees representing such groups”.

22 OTHER PROGRAMS

23 SEC. 204. Title IV of the chapter designated by section
 24 501 of this Act as chapter II of the Mutual Security Act of

1 1954, as amended, which relates to other programs, is
2 further amended as follows:

3 (a) In section 402, which relates to earmarking of
4 funds, strike out "1958" in the first sentence and substitute
5 "1959".

6 (b) Repeal sections 403 and 404, which relate, re-
7 spectively, to special assistance in joint control areas and
8 responsibilities in Germany, and substitute the following new
9 section:

10 "SEC. 403. RESPONSIBILITIES IN GERMANY.—The
11 President is hereby authorized to use during the fiscal year
12 1959 not to exceed \$8,200,000 of the funds made available
13 pursuant to section 450 (a) of this Act in order to meet the
14 responsibilities or objectives of the United States in Germany,
15 including West Berlin. In carrying out this section, the
16 President may also use currency which has been or may be
17 deposited in the GARIOA (Government and Relief in Occu-
18 pied Areas) Special Account, including that part of the
19 German currency now or hereafter deposited under the
20 bilateral agreement of December 15, 1949, between the
21 United States and the Federal Republic of Germany (or
22 any supplementary or succeeding agreement) which, upon
23 approval by the President, shall be deposited in the GARIOA
24 Special Account under the terms of article V of that agree-

1 ment. The President may use the funds available for the
2 purposes of this section on such terms and conditions as he
3 may specify, and without regard to any provision of law
4 which he determines must be disregarded.”.

5 (c) Amend section 405, which relates to migrants,
6 refugees, and escapees, as follows:

7 (1) In subsection (c), strike out all following “fiscal
8 year” and substitute “1959 not to exceed \$1,200,000 for
9 contributions to the program of the United Nations High
10 Commissioner for Refugees for assistance to refugees under
11 his mandate.”.

12 (2) In subsection (d), strike out “1958” and
13 “\$5,500,000” and substitute “1959” and “\$8,600,000”,
14 respectively.

15 (d) In section 406, which relates to children’s welfare,
16 strike out “1958” and substitute “1959”.

17 (e) In section 407, which relates to Palestine refugees
18 in the Near East, insert “for the fiscal year 1959” before
19 “not to exceed” in the first sentence; and strike out “\$65,-
20 000,000” in the first sentence and substitute “\$25,000,000”.

21 (f) In section 409 (c), which relates to ocean freight
22 charges, strike out “1958” and “\$2,200,000” and substitute
23 “1959” and “\$2,100,000”, respectively.

24 (g) In section 410, which relates to Control Act ex-

1 penses, strike out "1958" in the first sentence and substitute
2 "1959".

3 (h) Amend section 411, which relates to administra-
4 tive and other expenses, as follows:

5 (1) In subsection (b), strike out "1958" and "\$32,-
6 750,000" and substitute "1959" and "\$33,000,000", re-
7 spectively; and insert "and title II of chapter II" imme-
8 diately before the close of the first parentheses;

9 (2) In subsection (c), insert "functions of the Depart-
10 ment under this Act or for" before "normal".

11 (i) In section 413 (b) (4), which relates to encour-
12 agement of free enterprise and private participation, strike
13 out "the agency primarily" and substitute "an agency"; sub-
14 stitute a colon for the semicolon at the end of subparagraph
15 (E), and add the following proviso to that subparagraph:
16 ": *Provided*, That in the event the fee to be charged for a type
17 of guaranty is reduced, fees to be paid under existing con-
18 tracts for the same type of guaranty may be similarly re-
19 duced;"; and insert after "Director of the International
20 Cooperation Administration" both times it appears in sub-
21 paragraph (F) "or such other officer as the President may
22 designate".

23 (j) Section 414 (b) of such Act, which relates to mu-
24 nitions control, is amended by adding at the end thereof the

1 following: "Such regulations shall prohibit the importation
2 or reimportation into the United States (other than for the
3 Armed Forces of the United States) of arms or ammuni-
4 tion originally manufactured for military purposes, or parts
5 thereof, except those which are curios or antiques and are not
6 in condition to be used as firearms."

7 (k) In section 419 (a), which relates to atoms for
8 peace, strike out "1958" and "\$7,000,000" in the second
9 sentence and substitute "1959" and "\$5,500,000", respec-
10 tively.

11 (l) In section 420, which relates to malaria eradica-
12 tion, delete "The" in the second sentence and insert "In ad-
13 dition to such assistance as may be furnished for this purpose
14 in accordance with the provisions of title II of chapter II,
15 the"; insert after the word "authorized" in the second sen-
16 tence "to use funds made available under this Act (other
17 than chapter I, and title II of chapter II)"; and strike out
18 the last sentence.

19 CHAPTER III—SPECIAL ASSISTANCE AND

20 CONTINGENCY FUND

21 SPECIAL ASSISTANCE

22 SEC. 301. The section of the Mutual Security Act of
23 1954, as amended, redesignated by paragraph (11) (B) of
24 section 501 of this Act as section 450 of chapter III of the

1 Mutual Security Act of 1954, as amended, which relates to
2 special assistance, is amended by striking out "1958" and
3 "\$250,000,000" in the first sentence of subsection (a) and
4 inserting in lieu thereof "1959" and "\$185,000,000", re-
5 spectively; and by striking out all following "stability" in
6 the first sentence and all of the last sentence and inserting
7 a period.

8 PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY

9 FUND

10 SEC. 302. The section of the Mutual Security Act of
11 1954, as amended, redesignated by paragraph (11) (B)
12 of section 501 of this Act as section 451 of chapter III of
13 the Mutual Security Act of 1954, as amended, which relates
14 to the President's special authority, is amended as follows:

15 (a) Insert "AND CONTINGENCY FUND" after "AUTHOR-
16 ITY" in the heading of this section.

17 (b) Subsection (a) is amended as follows:

18 (1) In the first sentence, insert "for use" after "made
19 available"; strike out "such use by section 400 (a) of this
20 Act" and substitute "use under this subsection by subsection
21 (b) of this section"; strike out "pursuant to authorizations
22 contained in" and substitute "for use under"; and

23 (2) In the second and last sentence strike out "section"
24 both times it appears and substitute "subsection".

1 (c) Redesignate subsection (b) as subsection (c), and
2 insert the following new subsection (b) :

3 “(b) There is hereby authorized to be appropriated to
4 the President for the fiscal year 1959 not to exceed \$100,-
5 000,000 for assistance authorized by this Act, other than by
6 title II of chapter II, in accordance with the provisions of
7 this Act applicable to the furnishing of such assistance. Any
8 of the funds authorized to be appropriated pursuant to this
9 subsection for any fiscal year may be used in such year in
10 accordance with the provisions of subsection (a) of this
11 section.”

12 (d) In the last sentence of subsection (c), insert “sub-
13 section (a) of” after “under”.

14 CHAPTER IV—GENERAL AND ADMINISTRATIVE 15 PROVISIONS

16 GENERAL PROVISIONS

17 SEC. 401. The chapter designated by paragraph (15) of
18 section 501 of this Act as chapter IV of the Mutual Security
19 Act of 1954, as amended, which relates to general and
20 administrative provisions, is further amended as follows:

21 (a) Section 509, which relates to shipping on United
22 States vessels, is amended by adding the following new sen-
23 tence at the end thereof: “Sales of fresh fruit and the prod-
24 ucts thereof under this Act shall be exempt from the require-
25 ments of the cargo preference laws (Public Resolution 17,

1 Seventy-third Congress, and section 901 (b) of the Mer-
2 chant Marine Act, 1936, as amended).”.

3 (b) Section 510, which relates to purchase of commodi-
4 ties, is amended by striking out “title II or” in the first sen-
5 tence.

6 (c) Add the following new sections immediately after
7 section 515:

8 “SEC. 516. PROHIBITION AGAINST DEBT RETIRE-
9 MENT.—None of the funds made available under this Act nor
10 any of the counterpart funds generated as a result of assist-
11 ance under this Act or any other Act shall be used to make
12 payments on account of the principal or interest on any debt
13 of any foreign government or on any loan made to such gov-
14 ernment by any other foreign government; nor shall any of
15 these funds be expended for any purpose for which funds
16 have been withdrawn by any recipient country to make pay-
17 ment on such debts: *Provided*, That to the extent that funds
18 have been borrowed by any foreign government in order to
19 make a deposit of counterpart and such deposit is in excess
20 of the amount that would be required to be deposited pur-
21 suant to the formula prescribed by section 142 (b) of this
22 Act, such counterpart may be used in such country for any
23 agreed purpose consistent with the provisions of this Act.

24 “SEC. 517. COMPLETION OF PLANS AND COST ESTI-
25 MATES.—After June 30, 1958, no agreement or grant which

1 constitutes an obligation of the United States under section
2 1311 of the Supplemental Appropriation Act, 1955, shall be
3 made for any assistance authorized under title I or III (ex-
4 cept section 306) of chapter II, or section 450 (a)—

5 “(1) if such agreement or grant requires substan-
6 tive technical or financial planning, until engineering,
7 financial, and other plans necessary to carry out such
8 assistance, and a reasonably firm estimate of the cost to
9 the United States of providing such assistance, have
10 been completed; and

11 “(2) if such agreement or grant requires legislative
12 action within the recipient country, unless such legisla-
13 tive action may reasonably be anticipated to be com-
14 pleted within one year from the date the agreement or
15 grant is made.

16 All funds obligated for assistance pursuant to each agree-
17 ment or grant described in subparagraph (1) or (2) of this
18 section shall be used only to liquidate the obligations pursu-
19 ant to such agreement or grant, and any funds not so used
20 shall revert to the Treasury of the United States. This sec-
21 tion shall not apply to any assistance furnished for the sole
22 purpose of preparation of engineering, financial, and other
23 plans.

24 “SEC. 518. PROTECTION OF UNITED STATES ECON-
25 OMY.—Operations under titles I and II of chapter II shall

1 be reviewed at least once a year by a committee composed
2 of the Secretary of State, the Secretary of the Treasury, the
3 Secretary of Commerce, the Secretary of Labor, and the
4 Secretary of Agriculture for the purpose of determining
5 whether such operations have adversely affected the economy
6 of the United States, with special reference to areas of
7 substantial labor surplus. If the committee finds that the
8 economy of the United States in general or any area of
9 substantial labor surplus in particular has suffered undue
10 adverse effects as a result of such operations, the committee
11 shall make appropriate recommendations to the President
12 and the Congress.”.

13 (d) Section 537, which relates to provisions on uses
14 of funds, is amended as follows: in subsection (a) (1), strike
15 out “for the fiscal year 1958”; and in subsection (c), strike
16 out “Not to exceed \$18,000,000” and substitute “Notwith-
17 standing the provisions of section 406 (a) of Public Law
18 85-241, not to exceed \$26,000,000”, and add the following
19 new clause before the period: “, and not to exceed \$2,750,-
20 000 of funds made available for assistance in other countries
21 under this Act may be used (in addition to funds available
22 for such use under other authorities in this Act) for construc-
23 tion or acquisition of such facilities for such purposes else-
24 where”.

25 (e) Amend section 543 (d), which relates to saving

1 provisions, by striking out “Act of 1956 or the Mutual Se-
2 curity Act of 1957” and substituting “Act of 1956, 1957,
3 or 1958” in the first sentence and by inserting the follow-
4 ing new sentence after the second sentence: “Until June 30,
5 1958, funds used for the purposes of this Act shall be so
6 used in accordance with the provisions of this Act as in
7 effect prior to the effective date of the Mutual Security Act
8 of 1958.”.

9 (f) Amend section 545, which relates to definitions,
10 as follows:

11 (1) In subsection (j), insert “the Development Loan
12 Fund and” after “refer to” and strike out “title II,”.

13 (2) In subsection (k), insert “the Board of Directors
14 of the Development Loan Fund and” after “refer to” and
15 strike out “title II,”.

16 CHAPTER V—REORGANIZATION OF MUTUAL
17 SECURITY ACT OF 1954 AND AMENDMENTS
18 TO OTHER LAWS

19 REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

20 SEC. 501. The Mutual Security Act of 1954, as amended,
21 is further amended as follows:

22 (1) Strike out the heading of title I and of chapter I
23 of such title, and immediately before section 101, insert the
24 following:

1 “CHAPTER I—MILITARY ASSISTANCE”

2 (2) Immediately above section 131, strike out the
3 chapter heading and insert in lieu thereof the following:

4 “CHAPTER II—ECONOMIC ASSISTANCE

5 “TITLE I—DEFENSE SUPPORT”

6 (3) In section 131 (a), strike out “chapter 1 of this
7 title” and insert in lieu thereof “chapter I”.

8 (4) In section 131 (d), immediately after “title”, insert
9 “or chapter I”.

10 (5) Immediately above section 141, strike out the
11 chapter heading.

12 (6) In section 141, immediately after “title” both times
13 it appears insert “or chapter I”.

14 (7) (A) In section 142 (a), strike out “chapter 1 of
15 this title” each place it appears and insert “chapter I”.

16 (B) In such section 142 (a), strike out “under this
17 title” and “purposes of this title” each place they appear
18 and insert “under chapter I or under this title”, and “pur-
19 poses of chapter I or of this title”, respectively.

20 (8) Section 142 (b) is amended by striking out “chap-
21 ter 3 of title I of this Act” and inserting in lieu thereof
22 “this title”.

23 (9) Section 144 is amended by inserting immediately
24 after “under this title” the following: “or chapter I”.

1 (10) Section 202 (b) is amended by striking out “401
2 (a)” and inserting in lieu thereof “451 (a)”.

(11) (A) Immediately after section 420, insert the following new chapter heading:

5 “CHAPTER III—SPECIAL ASSISTANCE AND
6 CONTINGENCY FUND”

(B) Sections 400 and 401 are redesignated as sections 450 and 451, respectively, of chapter III.

9 (12) Section 405 (d) is amended by striking out “401”
10 and inserting in lieu thereof “451”.

11 (13) Section 410 is amended by striking out “chapter 1
12 of title I” and inserting in lieu thereof “chapter I”.

13 (14) Section 411 (b) is amended by striking out
14 “chapter 1 of title I” and inserting in lieu thereof “chapter
15 I”.

(15) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

19 "CHAPTER IV—GENERAL AND ADMINISTRA-
20 TIVE PROVISIONS"

21 (16) Section 503 is amended by striking out “chapter
22 1 of title I” and inserting in lieu thereof “chapter I”.

(17) (A) Section 504 (a) is amended by striking out “titles II, III, and IV, and chapter 3 of title I,” and inserting in lieu thereof “chapters II and III”.

1 (B) Section 504 (c) is amended by striking out “chap-
2 ter 1 of title I” and inserting in lieu thereof “chapter I”.

3 (18) (A) The first sentence of section 510 is amended
4 by striking out “chapter 3 of title I” and inserting in lieu
5 thereof “title I of chapter II”.

6 (B) The third sentence of section 510 is amended by
7 striking out “title II or chapter 3 of title I” and inserting in
8 lieu thereof “title I or II of chapter II”.

9 (19) Section 511 (a) is amended by striking out “title
10 I” and inserting in lieu thereof “chapter I or title I of
11 chapter II”.

12 (20) Section 511 (c) is amended by striking out
13 “chapter 1 of title I” and inserting in lieu thereof “chapter
14 I”.

15 (21) Section 513 is amended by striking out “401” and
16 inserting in lieu thereof “451”.

17 (22) Immediately above section 521, strike out the
18 chapter heading.

19 (23) In section 521 (b), insert “of chapter II” im-
20 mediately after “title III”.

21 (24) In section 521 (c), strike out “chapter 3 of title
22 I” and insert in lieu thereof “title I of chapter II”.

23 (25) Sections 522 (c) and 522 (d) are each amended
24 by striking out “chapter 1 of title I” and inserting in lieu
25 thereof “chapter I”.

1 (26) Section 523 (c) (2) is amended by striking out
2 "chapter 1 of title I" and inserting in lieu thereof "chapter
3 I".

4 (27) Section 524 is amended by striking out "chapter
5 1 of title I" and inserting in lieu thereof "chapter I".

6 (28) Section 534 is amended by striking out "400"
7 and inserting in lieu thereof "450".

8 (29) The portion of section 537 (a) which precedes
9 paragraph (1) is amended by striking out "chapter 1 of title
10 I" and inserting in lieu thereof "chapter I".

11 (30) Section 537 (d) is amended by striking out "400
12 (a)" and inserting in lieu thereof "450 (a)".

13 (31) Immediately above section 541, strike out the
14 chapter heading.

15 (32) Section 545 (c) is amended by striking out
16 "chapter 1 of title I" and inserting in lieu thereof "chapter
17 I".

18 (33) Section 545 (h) is amended by striking out
19 "chapter 1 of title I" each place it appears and inserting
20 in lieu thereof "chapter I".

21 (34) Sections 545 (j) and 545 (k) are each amended
22 by striking out "chapter 3 of", and by inserting "of chapter
23 II or under chapter III" immediately after "title IV".

24 (35) Section 549 is amended by inserting "of chapter
25 II" immediately after "title III".

AMENDMENTS TO OTHER LAWS

SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

(1) In subsection (a) of the first section, insert the following new subparagraph between subparagraph (4) and the last five lines:

“(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees

1 are engaged in work performed thereunder, the said
2 security for the payment of such compensation and
3 benefits, but nothing in this paragraph shall be construed
4 to apply to any employee of such contractor or sub-
5 contractor who is engaged exclusively in furnishing
6 materials or supplies under his contract;”.

7 (2) In subsection (e) of such section, strike “(3) or
8 (4)” in the last sentence and substitute therefor “(3), (4),
9 or (5)”.

10 (3) In subsection (f) of such section, insert “or
11 in any work under subparagraph (5) subsection (a) of this
12 section” between “this section” and “shall not apply”.

13 (b) In the first section of the Act of June 28, 1935, as
14 amended (49 Stat. 425), strike out “\$30,000” and insert
15 “\$33,000”, and strike out “\$15,000” the first time it ap-
16 pears and insert “\$18,000”.

17 (c) In section 101 of the Government Corporation
18 Control Act, as amended (31 U. S. C. 846), insert “Devel-
19 opment Loan Fund;” before “Institute of Inter-American
20 Affairs”.

21 (d) In section 2 of the Act of July 11, 1956 (70 Stat.
22 523), strike out all beginning with “An” down through
23 “Conference and” and substitute “There is authorized to be
24 appropriated annually, for the annual contribution of the
25 United States toward the maintenance of the North Atlantic

1 Treaty Organization Parliamentary Conference, such sum as
2 may be agreed upon by the United States Group and ap-
3 proved by such Conference, but in no event to exceed for
4 any year an amount equal to 25 per centum of the total
5 annual contributions made for that year by all members of
6 the North Atlantic Treaty Organization toward the main-
7 tenance of such Conference, and”.

8 (e) Section 5 of the Act of July 30, 1946 (22 U. S. C.
9 287q) is amended by the addition of the following sentences
10 at the end thereof: “The National Commission is further
11 authorized to receive and accept services and gifts or be-
12 quests of money or materials to carry out any of the educa-
13 tional, scientific, or cultural purposes of the National Com-
14 mission as set forth in this Act and in the constitution of the
15 Organization. Any money so received shall be held by the
16 Secretary of State and shall be subject to disbursement
17 through the disbursement facilities of the Treasury Depart-
18 ment as the terms of the gift or bequest may require and
19 shall remain available for expenditure by grant or otherwise
20 until expended: *Provided*, That no such gift or bequest may
21 be accepted or disbursed if the terms thereof are inconsistent
22 with the purposes of the National Commission as set forth in
23 this Act and in the constitution of the Organization. In no
24 event shall the National Commission accept gifts or bequests
25 in excess of \$200,000 in the aggregate in any one year.

1 Gifts or bequests provided for herein shall, for the purposes
2 of Federal income, estate, and gift taxes, be deemed to be a
3 gift to or for the United States. The National Commission
4 and Secretary of State shall submit to Congress annual re-
5 ports of receipts and expenditures of funds and bequests
6 received and disbursed pursuant to the provisions of this
7 section."

8 (f) The portion of subsection (a) of section 2 of the
9 joint resolution of June 30, 1948, as amended (22 U. S. C.
10 272a (a)), which precedes ", as apportioned" is amended
11 to read as follows: "(a) such sums as may be necessary
12 for the payment by the United States of its share of the ex-
13 penses of the Organization, but not to exceed 25 per centum
14 of such expenses".

15 (g) Section 101 (a) of the War Hazards Compens-
16 ation Act, as amended (42 U. S. C. 1701), is further
17 amended by inserting the following subparagraph between
18 subparagraph (3) and the last 15 lines: "or (4) to any per-
19 son who is an employee specified in section 1 (a) (5) of
20 the Defense Base Act, as amended, if no compensation is
21 payable with respect to such injury or death under such
22 Act, or to any person engaged under a contract for his per-
23 sonal services outside the United States approved and
24 financed by the United States under the Mutual Security
25 Act of 1954, as amended (other than title II of chapter II

1 thereof) : *Provided*, That in cases where the United States
2 is not a formal party to contracts approved and financed
3 under the Mutual Security Act of 1954, as amended, the
4 Secretary, upon the recommendation of the head of any de-
5 partment or agency of the United States, may, in the exercise
6 of his discretion, waive the application of the provisions of
7 this subparagraph with respect to any such contracts, sub-
8 contracts, or subordinate contracts, work location under such
9 contracts, subcontracts, or subordinate contracts, or classifi-
10 cation of employees."

85TH CONGRESS
2D Session

H. R. 12181

[Report No. 1696]

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. MORGAN

APRIL 28, 1958

Referred to the Committee on Foreign Affairs

MAY 7, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 9, 1958
For actions of May 8, 1958
85th-2d, No. 73

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HIGHLIGHTS: House Rules Committee cleared bill to extend mutual security program. Senator Talmadge urged continuance of present cotton acreage allotments. Senate debated area development bill.

HOUSE

1. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 12181, to extend the mutual security program. p. 7479
2. LIVESTOCK DISEASES. The Agriculture Committee reported without amendment H. R. 12126, to "provide further protection against the introduction and dissemination of livestock diseases" (H. Rept. 1700). p. 7479
3. EXPORT-IMPORT BANK. Passed without amendment S. 3149, to increase the lending authority of the Export-Import Bank from \$5 billion to \$7 billion, and to increase the borrowing authority from the Secretary of the Treasury from \$4 billion to \$6 billion. This bill will now be sent to the President. A similar bill, H. R. 10459, which had passed earlier, was laid on the table. pp. 7454-66
4. WATER COMPACTS. The Interior and Insular Affairs Committee reported without amendment S. 2557, to extend for 3 years, from 1958 to 1961, the consent of Congress to the negotiation of a compact relative to certain waters by Nebr., S. Dak., and Wyo. (H. Rept. 1704). p. 7479

5. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported S. 1901, to require overtime pay only for irregularly scheduled hours above the regular weekly tour of duty. p. D400
6. FOOD PRICES. Rep. Marshall criticized those who blame the farmer for the high cost of food, inserted a table showing the prices farmers now receive for foods as compared with 1947, and stated that with the exception of fruits and vegetables "farmers are now receiving less for every food item while housewives are paying more." pp. 7466-67
7. TAXES. Rep. Lane discussed payments in lieu of taxes by Government-owned industrial plants, and urged the enactment of "a permanent comprehensive program for payments in lieu of taxes to localities on Government-owned facilities before the end of 1958." pp. 7470-71
8. PAY RAISES. Rep. Pelly criticized the delay in enactment of legislation for pay raises for Federal employees. p. 7446
9. LEGISLATIVE PROGRAM. Rep. McCormack announced that H. R. 12181, to extend the mutual security program, will be considered Mon., May 12, to be followed by consideration of the State-Justice appropriation bill, and the Alaska statehood bill. p. 7466
10. ADJOURNED until Mon., May 12. p. 7478

SENATE

11. URGENT DEFICIENCY APPROPRIATION BILL. Passed as reported this bill, H. R. 12326, including funds for (1) the Olympic Winter Games arena to be built on Forest Service lands, and (2) unemployment compensation for Federal employees. Senate conferees were appointed. pp. 7403, 7430-1
12. COTTON ALLOTMENTS. Sen. Talmadge stated that the Secretary intended to reduce cotton acreage allotments 22.3% in 1959 and urged that Congress enact S. 3408, to prevent the reduction of cotton acreage allotments below 1957 levels, to make the State and farm minimum acres provisions permanent, and to keep surrendered acres within the same county. pp. 7410-11
13. AREA DEVELOPMENT. Began debate on S. 3683, the area development bill, including comments by Sen. Douglas on depressed rural counties with low-income farmers. pp. 7431-41
14. FOREIGN AID; TRADE AGREEMENTS. Sen. Wiley inserted a resolution from the Northern Synod. Evangelical and Reformed Church, supporting foreign aid and extension of the Reciprocal Trade Agreements Act for 5 years, and also inserted a memorandum on the achievements of the U. N. under the technical assistance program. pp. 7426-30
15. ADJOURNED until Mon., May 12. p. 7444

ITEMS IN APPENDIX

16. FARM PROGRAM. Sen. Talmadge inserted an article explaining his suggested new two-price farm plan. p. A4248
Rep. St. George commended and inserted an article, "Boom Times," which stated that "the best economic news in the United States last week, bar none, was the boom in United States Agriculture." p. A4257

CONSIDERATION OF H. R. 12181

MAY 8, 1958.—Referred to the House Calendar and ordered to be printed

Mr. BOLLING, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 562]

The Committee on Rules, having had under consideration House Resolution 562, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 196

85TH CONGRESS
2D SESSION

H. RES. 562

[Report No. 1707]

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 1958

Mr. BOLLING, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 12181) to
5 amend further the Mutual Security Act of 1954, as amended,
6 and for other purposes, and all points of order against said
7 bill are hereby waived. After general debate, which shall
8 be confined to the bill and continue not to exceed six hours,
9 to be equally divided and controlled by the chairman and
10 ranking minority member of the Committee on Foreign
11 Affairs, the bill shall be read for amendment under the five-
12 minute rule. At the conclusion of the consideration of the

1 bill for amendment, the Committee shall rise and report the
2 bill to the House with such amendments as may have been
3 adopted, and the previous question shall be considered as
4 ordered on the bill and amendments thereto to final passage
5 without intervening motion except one motion to recommit.

House Calendar No. 196

85TH CONGRESS
2^D SESSION

H. RES. 562

[Report No. 1707]

RESOLUTION

Providing for the consideration of H. R. 12181,
a bill to amend further the Mutual Security
Act of 1954, as amended, and for other pur-
poses.

By Mr. BOLLING

MAY 8, 1958

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House debated mutual security authorization bill. Senate debated area redevelopment bill. House appointed conferees on agricultural appropriation bill.

SENATE

1. AREA REDEVELOPMENT. Continued debate on S. 3683, the area redevelopment bill. pp. 7503-11, 7516-23
2. CIVIL DEFENSE. Both Houses received a report of the Civil Defense Administration. pp. 7484, 7597
3. PROPERTY. Both Houses received from HEW a report covering personal property made available for distribution to public health and educational institutions and civil defense organizations and real property disposed of to public health and educational institutions. pp. 7484, 7597
4. FORESTRY. Sen. Morse inserted an Ore. Lumber and Sawmill Workers labor union resolution urging the enactment of legislation "which will revive residential construction and the lumber industry," particularly through housing construction. pp. 7484-85
Sen. Morse inserted letters of Sen. Sparkman and the chief of the Forest Service discussing capital requirements in connection with timber sales of varying size, and he commended the Forest Service "for their efforts to help promote a healthy forest products industry." pp. 7496-97

5. FOREIGN TRADE. Sen. Smith, N. J., inserted a newspaper editorial urging extension of the Reciprocal Trade Act. p. 7490
Sen. Smith, N. J., inserted a newspaper article urging continued economic aid to underdeveloped regions. pp. 7490-91
6. FOREIGN AFFAIRS. Both Houses received from the President a report on the barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel. pp. 7481, 7532
7. LEGISLATIVE PROGRAM. Sen. Johnson expressed hope that action could be completed on the area redevelopment bill today, May 13, and that the bill to transfer certain functions under the Packers and Stockyards Act to FTC will be taken up Thurs., May 15. He announced that the Senate will hold late sessions in order to complete unfinished business on the calendar. pp. 7481-82, 7526-27

HOUSE

8. APPROPRIATIONS. Conferees were appointed on H. R. 11767, the agricultural appropriation bill for 1959. Senate conferees were appointed April 21. p. 7531
Received the conference report on H. R. 12326, the urgent deficiency appropriation bill for 1958 (H. Rept. 1716). House conferees were appointed earlier in the day. As reported by the conferees, the bill includes \$3,500,000 for an Olympic Winter Games Arena to be built on Forest Service land, and unemployment compensation for Federal employees. pp. 7531-32, 7597
The Appropriations Committee reported without amendment H. R. 12428, the State-Justice-Judiciary appropriation bill for 1959 (H. Rept. 1708). p. 7597
 9. FOREIGN AID. Began debate on H. R. 12181, to extend the mutual security program. pp. 7533-764
 10. FORESTRY. The Interior and Insular Affairs Committee reported with amendment H. R. 6198, to transfer approximately 6,000 acres of land from the Sequoia National Park to the Sequoia National Forest, Calif. (H. Rept. 1712). p. 7597
 11. FLOOD CONTROL. Rep. Lane criticized the "delay" in constructing flood control projects in the Merrimack River Valley. p. 7574
 12. LIVESTOCK; FEED GRAINS. The "Daily Digest" states that the Subcommittee on Livestock and Feed Grains of the Agriculture Committee "met in executive session and voted to report certain recommendations to the full committee in connection with the livestock and feed grains program." p. D405
- #### ITEMS IN APPENDIX
13. STATEHOOD. Extension of remarks of Sen. Proxmire inserting an editorial favoring statehood for Alaska. pp. A4312-3
 14. TRANSPORTATION. Sen. Morton inserted a letter from the Yeary Transfer Co. favoring exemption of certain agricultural commodities from Interstate Commerce Commission regulation. p. A4314
 15. PERSONNEL. Speech in the House of Rep. Breeding favoring H. R. 607, to provide for increases in the annuities of annuitants under the Civil Service Retirement Act. p. A4314

dened to learn of his passing. He was a man of charm and intelligence, with a wonderful capacity for friendship.

His many friends from all walks of life, and from both parties know of his loyal devotion through the years, and his fine chuckle, combined with a rare good sense of humor.

We in America are proud of our young men who rise and succeed by hard work and intelligence. Joe Davies' career, from his start in Wisconsin to Washington, D. C., and ambassadorial level, is in the real American tradition of success and service to our country. Friends and opposition alike join in mourning the loss of Ambassador Joseph E. Davies at this time, and extend our sincere sympathy to his family.

MUTUAL SECURITY ACT OF 1958

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 562) providing for the consideration of H. R. 12181, a bill to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN] and pending that I yield myself such time as I may consume.

The SPEAKER. The gentleman from Missouri is recognized.

Mr. BOLLING. Mr. Speaker, House Resolution 562 makes in order the consideration of H. R. 12181, the Mutual Security Act of 1958. The resolution provides for an open rule, 6 hours of general debate, and waives points of order against the bill.

Briefly, the bill extends the various programs under the Mutual Security Act of 1954, as amended, and authorizes for these programs \$2,958,900,000. This is about \$410 million less than that authorized for the programs in the last fiscal year and approximately \$339 million less than the executive request for fiscal 1959.

In an effort to clarify the separation of military and economic assistance, the bill is organized under four chapters.

Chapter I authorizes \$1,640,000,000 for military assistance to Europe, the Far East, Near East, South Asia, Africa, Latin

America, and also includes special materiel programs, training programs, a mutual weapons development program and funds for administration.

Chapter II covers various types of economic assistance, and is divided into four titles. One billion thirty-three million and nine hundred thousand dollars for the various programs of economic assistance is authorized.

Title I contains the authorization of funds for defense support amounting to \$775 million. Twelve nations who maintain significant military forces will receive these funds, with a little over 71 percent of the total amount going to the Far East.

Title II covers the development loan fund for which \$625 million was authorized last year for use beginning in fiscal 1959. The provisions of this title convert the fund to a government corporation and set up the organization and administration of the fund. The corporation will make loans to assist underdeveloped countries in their economic development.

Title III authorizes \$171,500,000 for technical cooperation mainly in the fields of agriculture, education, industry, mining, health, and sanitation.

Title IV contains an authorization of \$87,400,000 for other programs of mutual security including funds for migrants, refugees and escapees, the children's fund, North Atlantic Treaty Organization, atoms for peace, ocean freight charges, and administrative expenses.

Chapter III authorizes a total of \$285 million. One hundred and eighty-five million dollars of this is earmarked for so-called special assistance which is economic assistance programed to promote and maintain political or economic stability in situations where aid cannot appropriately be provided under the development loan fund or defense support. The balance of \$100 million is authorized for the President's special authority and contingency fund and is intended as a reserve from which to meet unforeseeable needs which may develop during fiscal 1959.

Chapter IV contains general and administrative provisions.

I urge the adoption of House Resolution 562 so the House may proceed to the consideration of H. R. 12181, for which ample time has been provided.

Mr. MADDEN. Mr. Speaker, the present resolution calls for the consideration of H. R. 12181 which is known as the Mutual Security Act of 1958. The Rules Committee, in prescribing 6 hours of general debate, realized that a number of Members wished to express their opinions pro and con on this legislation.

H. R. 12181, if enacted into law, will authorize our Government to continue its program in its fight against Communist aggression. The legislation calls for a reduction of the expenditures which were set out in the Mutual Security Act of last year. The House Foreign Affairs Committee, during its consideration in the long weeks of hearings held on this bill, made a substantial reduction from the original request made by the President. Our mutual security program, sometimes called foreign aid, has been in operation in various forms since the

termination of World War II. The billions that have been spent on this international program to help rehabilitate the bombed-out and war-stricken countries, although costly, I believe has been money well spent. The sacrifices made financially and otherwise by our Government and the American people during the last 12 years has been the only weapon that has preserved liberty in the European and Asiatic countries that are today outside of the Iron Curtain. General Eisenhower in 1950, as head of the European defense forces, testified before the House Foreign Affairs Committee, that if it had not been for the sacrifices and expenditures under the Marshall plan, aid to Greece and Turkey and other mutual aid programs by our Government, all of Europe and Asia and possibly Africa would be under domination of the Kremlin.

The House Foreign Affairs Committee has held long hearings and has accomplished a great work in bringing this legislation to the floor of the House in its present form.

I wish to especially commend Congressmen CARNAHAN and MERROW on their outstanding work in holding hearings in several areas throughout the United States so that the American public could come before a congressional committee and express their opinions on our international problems. I have spoken to the House each year regarding my position on the necessity to combat the threat of international communism and I will not today repeat statements and thoughts on this legislation which I have made when this legislation was before the House last year and previously.

The House subcommittee, under Chairman CARNAHAN, held hearings in the Calumet region of Indiana in the Gary City Hall on May 20, 1957, concerning our foreign aid and international mutual-security problems. The sworn testimony of 42 witnesses was taken at those hearings and also statements and letters from 12 additional citizens and representatives of organizations at that time. Out of this number, only 6 or 7 individuals testified in complete opposition to our foreign aid or mutual-security program. I think it would be well for the Members of the House to read excerpts from the testimony of a few of the witnesses who testified on that occasion. Mr. Speaker, I ask unanimous consent to incorporate with my remarks the statement made by H. B. Snyder editor and publisher of the Gary (Ind.) Post-Tribune.

STATEMENT OF H. B. SNYDER, EDITOR, GARY POST-TRIBUNE, GARY, IND.

OUR INTERNATIONAL RELATIONS

Mr. SNYDER. Mr. Chairman and members of the Subcommittee on International Organizations and Movements, I think we all agree that American security has more meaning to us, all of us, than any other problem. Our differences seem to be based on the way we see it. There are still a few stone-age people who think we can be safe merely by retreating behind our oceans and letting the world go hang.

However, once people's minds are probed there are very few stone-age people left. Even those who insist on cutting the budget to bedrock usually think it can be done

without danger to Americans, while many of them will, if pressed, admit that we cannot be quite safe if we make no effort toward responsible world leadership.

Unfortunately, we are in one of those periods when for the moment a lesser problem has been substituted for the major one. Without understanding the implications men are saying that money is more valuable than national security. Of course, they know better.

Unquestionably, the rising budget is a problem of the most serious consequences. Actually there is a limit somewhere beyond which a free government cannot go on taking the income of its free citizens. I don't know where that limit is, and I think no one else does.

But the fact that there is a limit indicates the utmost effort must be made, not only by Government but by people themselves, to hold down our governmental costs. Those costs are too high for our domestic well-being, but no cost is too high if it prevents war.

It would be easy for any of us to say what should or should not be done if we knew what would or would not lead to war. But no one knows. No one can know. And even if someone did, he has no means of doing anything about it. Only the Government can lead and only the executive department of the Government can get all of the available facts and frame a policy of procedure.

Americans have always acted under that belief even if they did not quite understand why. That politics shall not go beyond the water's edge is an old American belief. We have realized our interests require a single program under one leadership in international affairs. And we are no different from any other nation.

What, then, should be our policy about those relations? It should be to follow the leader who alone can speak for all of us. It should be to provide him the money he says he needs to carry out the program he thinks will give us security—or as much security as can be obtained.

I spend a great deal of time reading about international relations, and I'll admit I don't know how much we should spend nor how we should spend it. I don't have the knowledge of the President, and neither does anyone else outside of the executive department of the Government.

I don't agree with some of the acts of our leaders. Recently, I am afraid, we have made some serious mistakes, but all leaders make mistakes, and we can only hope they will be able to retrieve their losses, if they really turn out to be losses. But I don't see how we can have any hope for the future if each one of us tries to go his own way, particularly if we are misled by a momentary hysteria about money. Let me say the hysteria has a sound basis but that is no reason for not seeing it for what it is.

I have no doubt whatever that American security is tied up with world security. We are not living alone, and we never can live alone. To some extent we are our brothers' keepers, chiefly because if we are not, some wild men will take over the job and they will cease being our brothers, in fact, become dangerous enemies. We have too many enemies in the world now. We cannot afford to create others through simple neglect or through a false fear of bankrupting ourselves.

I realize one should be careful in supporting careless expenditures of public funds. Waste of public money is a crime against the individual, society, and government. Every wasteful dollar should be squeezed out of the budget. The Hoover Commission reforms should be carried through completely. The Defense Department should be investigated by an American royal commission of the highest caliber in order to assure civilians that our military services are not com-

peting against each other to their and our detriment and that the admirals and generals do know the value of a dollar, an idea that is subject to general civilian disbelief.

Furthermore, we should be sure that this Department, which some people think is spending us ragged, is not fighting the last war and has a sound doctrine fitting the needs of the day and a program of development that will carry out the doctrine. Too many battles and wars have been lost because the generals or the politicians above the generals have failed to understand what they were preparing for. If we want to save money, why not attack the problem where the money is thickest? If we intend to save our country, why not be sure we have a Defense Department that understands the thinking, strategy, and tactics of today's problems and today's and tomorrow's weapons?

Finally, why not attack pork, not the pork on the hoof but that in the barrel? With so many special interest snouts in the trough, it is no wonder the trough is nearly empty. All of us need to put first things first, and never has this fact been more certain than in this atomic age. Either we use our brains or we perish.

Mr. CARNAHAN. Thank you, Mr. Snyder, for your most excellent statement.

I would like to concur in one of the rather short important sentences in your statement, "politics should not go beyond the water's edge." And this committee, constituted as all of the other committees and subcommittees are, of members of both of the major parties, has tried to look at this problem of international relationships dealing with foreign countries on a bipartisan basis.

I also like your statement when you say that in taxes and costs and Government spending, the costs are too high for our domestic well-being, but no cost is too high if it will prevent war, and in your opinion, that is the thing that we are attempting to do, to prevent war and to bring about peace in the world; is that right?

Mr. SNYDER. That is right.

Mr. CARNAHAN. Mr. Merrow.

Mr. MERROW. Thank you, Mr. Chairman.

Mr. Snyder, I think you have presented an excellent statement. I note that you have said, "I have no doubt whatever that American security is tied up with world security."

Mr. SNYDER. Yes, sir.

Mr. MERROW. I think that is exceedingly important and I would like to ask: Do you consider the mutual security program as much a part of our defense program as money that we may appropriate for the Army, the Navy, or the Air Force?

Mr. SNYDER. I do at this time. I think as time goes on that program probably should tend to decrease. In other words, I don't believe in Government going into business in general. However, this is a world crisis and I think we should do all things now that will tend to prevent war, and I think this program does have that tendency.

Mr. MERROW. Well, that leads me to ask: Do you feel that in our assistance it should be mostly in loans to get away from the use of grants?

Mr. SNYDER. I do, if possible.

Mr. MERROW. You have partly commented on this, but do you think that it will be necessary in view of world conditions and the underdeveloped areas in the world, that we will be engaged in a long-range economic program, at least for some time?

Mr. SNYDER. I think there is no question that we must.

Mr. MERROW. Do you have an opinion as to the emphasis—part of this is military and part is economic—would you place more emphasis on the economic assistance in preference to the military, or vice versa?

Mr. SNYDER. I put equal emphasis on them.

Mr. MERROW. You put equal emphasis on them?

Mr. SNYDER. One is as important as the other. They are both part of a single program.

I also ask unanimous consent to incorporate with my remarks excerpts from the statement of Mrs. L. W. Bieker, Munster, Ind., vice president of the League of Women Voters of Indiana:

STATEMENT OF MRS. L. W. BIEKER, MUNSTER, IND., VICE PRESIDENT, LEAGUE OF WOMEN VOTERS OF INDIANA, AND ALSO REPRESENTING THE COUNCIL OF THE LEAGUE OF WOMEN VOTERS OF LAKE COUNTY, IND.

Mrs. BIEKER. I am speaking for the Council of the League of Women Voters of Lake County, and for the League of Women Voters of Indiana.

At the end of this statement, I will also tell you that I am supposed to be speaking for 39 leagues of Cook County, Ill., but that seems to be a little foreign.

The league welcomes this opportunity to express our views on the economic development program as an effective and essential part of our United States foreign policy.

The several large-scale studies of the problems and possibilities of foreign aid and economic development made at congressional request have been invaluable in pointing up facts on which to make decisions. The studies agree in these important aspects about the need to continue foreign aid as an important part of United States policy:

1. That military and economic aid should be separately considered.

2. That aid for neutrals is important along with aid for military and political allies.

3. That programs should have continuity, flexibility in allocation, and ability to make commitments ahead based on sound plans for more than short-term projects.

The league favors long-range as well as short-range foreign policy objectives. We see the United Nations not only as a measure for cooperative solution of common international problems but as a training place for learning and using the techniques of effective democratic procedure. For newly established and well-established nations working through the United Nations offers a means of demonstrating the means and values of planning jointly ways of living better together.

Many independent states newly formed lack economic stability and political maturity which would safeguard them from damage by outside forces. These nations are in need of aid in their efforts to strengthen their capacities, their standards of living, and their governments. Economic growth is the first essential for each of the new nations. The desire for it is deep and is the basis for creating an effective modern state. The help they need must come from the outside for many of these new states. If they cannot get guidance and economic aid from us they may have to turn to other less beneficial sources to our mutual detriment.

We see the current drive for economy and drastic cuts in our national budget as a particular threat to the foreign-aid program. We strongly approve of economic aid for underdeveloped countries. We request that sufficient appropriations be made for well-planned and judiciously administered economic aid. We endorse long-range funds for development of free-world countries. We urge that no cut be made in appropriations for our share in the United Nations technical-assistance programs.

Our own economic growth depends upon the exchange with and demand for goods by other markets. Countries which are helped to develop better economic standards and productivity can come to be not only our customers and friends but can build themselves into nations capable of protecting stable governments who can work with us for peace and general human benefit.

We think it is in our national self-interest to invest in the future of these new countries and to increase our mutual economic potentials. Although these countries depend upon us for many products, they also have 73 percent of the raw materials on which we must depend for continuance of our own industrial plants.

If our foreign policy can ease the international situation toward stability and security for many nations, the cost of defense can eventually be reduced. This reduction would have one of the greatest effects upon lowering our taxes.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Illinois [Mr. McVEY] such time as he may require.

(Mr. McVEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McVEY. Mr. Speaker, we have before us today the mutual-security program, better known to the public as the foreign-aid-spending program. This program began with the lend-lease shipments on July 1, 1940. The amount of aid extended to foreign countries since the inception of the program has reached staggering proportions:

Summary of the aid

Grants in aid and lend lease, July 1, 1940, to June 30, 1957.....	\$101,365,284,000
Loans, July 1, 1940, to June 30, 1957.....	16,535,502,000
Total, grants and loans.....	117,900,786,000
Reimbursements:	
Repayment of loans.....	4,980,254,000
Loans, uncollectible.....	8,339,000
	4,988,593,000
Summary total.....	112,912,193,000

This huge sum, together with interest charges, amounts to a large percentage of our Federal debt. At a time when many foreign governments are balancing their budgets and decreasing taxes, it seems ill-advised for this country to raise its debt ceiling and continue to distribute our resources throughout the world.

If there is anyone left who feels that we can buy the friendship of other nations, it would seem that events of the last few months should dispel that belief. In this connection, I was interested recently in some remarks of Senator ELLENDER on this subject. Said Senator ELLENDER, "Many other nations which we have assisted lavishly in the past are either practicing or moving in the direction of neutralism—if not outright alinement with the Soviet Union." Meanwhile, Russia and its satellites have not weakened, and the Soviet Union has made gains in the Middle East, southeast Asia, and even Latin America.

Russia has made more friends by loaning money than we have by giving it away. The question might be asked—"Is our ideology so weak when compared with Russia that we must pay people to support our democratic ideals?"

The pursuance of our present policies must eventually lead to the insolvency of our country and the strangulation of our free-enterprise system. Let us glance at our currency situation for a moment. In 1939 the purchasing power

of the American dollar, according to the Consumer's Index, was a little more than 100 cents. It declined gradually during World War II until it reached a level of 78 cents. It did not stop there. It continued to decline during the post-war years until in January 1953, when Mr. Eisenhower took office, it had declined to a value of 53 cents. It remained stationary there for about a 3-year period, and there was a hope that stability had been reached. It was a sad awakening when, in 1956, it began to decline in purchasing power again. It has declined slowly month by month until now it is worth only 48 cents.

The question in the minds of many people today is "when will this decline stop?" Are we to face the situation that has arisen in most countries of Europe, where the erosion of their currency has been so destructive to their economy? The French franc was at 1 time worth 20 cents. It now exchanges at the rate of 417 for a dollar, and the dollar is worth half of what it used to be. The lira which was once worth 20 cents now exchanges at the rate of 625 for a dollar. You may call the roll of the nations of the world, and you will find a very large majority of them have suffered in a similar fashion in regard to their currency.

Now what is the reason for this decline in the value of currency? In most cases, it can be traced to unbalanced budgets, to excessive spending, to unfavorable trade balances, and to a rise in wages in excess of the increases in manpower production. Most of these factors combine to influence the purchasing power of the American dollar. However, one of the most potent factors is our foreign-aid spending program. As stated earlier in this report, the total of that spending reaches the staggering sum of \$112,912,193,000. This amount, together with the interest charges, accounts for roughly half of our Federal debt.

No one would question the fact that over the years, the foreign aid program has accomplished much good. The trouble is when we start something in this country, we, so many times, fail to find a stopping place. The time has come when we should cease this foreign-aid spending lest we jeopardize the solvency of the American Government, and what is more important than the solvency of our Government.

One thing that is not well understood is that this program has encompassed most of the nations of the earth. Certainly taxpayers have a right to know where their money has gone. Twenty-three nations benefited from our lend-lease program, as follows:

Lend-lease, July 1, 1945–June 30, 1957

Brazil.....	\$3,616,000
Colombia.....	11,000
Dominican Republic.....	3,000
Ecuador.....	545,000
Guatemala.....	1,347,000
Mexico.....	553,000
Paraguay.....	2,000
Peru.....	237,000
Belgium.....	59,480,000
United Kingdom.....	341,462,000
Australia.....	12,300,000
India.....	3,000,000

Lend-lease, July 1, 1945–June 30, 1957—Continued

New Zealand.....	\$2,300,000
China (Formosa).....	729,418,000
Czechoslovakia.....	2,000
France.....	372,441,000
Greece.....	5,956,000
Iran.....	750,000
Italy (civilian supplies).....	134,444,000
Netherlands.....	64,334,000
Poland.....	92,000
Saudi Arabia.....	1,591,000
U. S. S. R.....	277,254,000
Yugoslavia.....	76,000
Unspecified.....	29,364,000
Total.....	2,040,578,000

Ninety-eight nations have received grants-in-aid. Grants-in-aid do not require that they be paid back. The list follows:

Grants-in-aid, July 1, 1945–June 30, 1957

Argentina.....	\$282,000
Bolivia.....	72,953,000
Brazil.....	44,070,000
Chile.....	14,287,000
Colombia.....	12,812,000
Costa Rica.....	19,578,000
Cuba.....	2,237,000
Dominican Republic.....	2,432,000
Ecuador.....	12,147,000
El Salvador.....	7,040,000
Guatemala.....	50,797,000
Haiti.....	19,776,000
Honduras.....	8,998,000
Mexico.....	107,397,000
Nicaragua.....	14,116,000
Panama.....	15,116,000
Paraguay.....	11,127,000
Peru.....	29,049,000
Uruguay.....	2,447,000
Venezuela.....	2,340,000
Unspecified Latin America.....	399,246,000
Afghanistan.....	8,175,000
Albania.....	20,444,000
Austria.....	1,064,928,000
Belgium.....	582,887,000
United Kingdom.....	3,798,179,000
Australia.....	12,539,000
North Borneo.....	366,000
British Guiana.....	333,000
British Honduras.....	562,000
Leeward and Windward Islands.....	611,000
Canada.....	3,964,000
Ceylon.....	6,050,000
Federation of Malaya.....	911,000
Federation of Rhodesia.....	1,000
Gold Coast.....	239,000
Hong Kong.....	8,929,000
India.....	272,561,000
Jamaica.....	1,548,000
Malta.....	1,646,000
Nigeria.....	88,000
Pakistan.....	275,825,000
Sierra Leone.....	13,000
Singapore.....	55,000
Burma.....	21,262,000
New Zealand.....	2,300,000
Sudan.....	6,000
Aden.....	6,000
Bahamas.....	127,000
British East Africa.....	163,000
Gambia.....	84,000
St. Helena.....	18,000
Trinidad.....	116,000
Unspecified.....	147,000
China.....	2,297,800,000
Czechoslovakia.....	185,827,000
Denmark.....	247,635,000
Egypt.....	63,776,000
Ethiopia.....	13,645,000
Finland.....	3,522,000
France.....	4,396,915,000
Algeria.....	
French Morocco.....	2,764,000
Tunisia.....	6,931,000
Germany, East.....	17,339,000
Germany, Federal Republic.....	3,823,967,000

Grants-in-aid, July 1, 1945–June 30, 1957—
Continued

Greece.....	\$1,719,446,000
Hungary.....	16,021,000
Iceland.....	30,150,000
Indochina.....	878,173,000
Indonesia.....	128,012,000
Iran.....	237,963,000
Iraq.....	11,504,000
Ireland.....	18,346,000
Israel.....	265,850,000
Italy-Trieste.....	2,675,895,000
Italian Somaliland.....	438,000
Japan and Ryukyu.....	2,604,373,000
Jordan.....	37,928,000
Korea.....	1,834,248,000
Lebanon.....	21,996,000
Liberia.....	8,561,000
Libya.....	49,969,000
Nepal.....	5,606,000
Netherlands and Surinam.....	915,538,000
Norway.....	236,991,000
Palestine.....	175,000
Philippines.....	788,861,000
Poland.....	364,978,000
Portugal and possessions.....	30,623,000
Saudi Arabia.....	4,252,000
Spain and possessions.....	241,022,000
Sweden.....	87,143,000
Switzerland.....	1,803,000
Syria.....	1,080,000
Tangier.....	17,000
Thailand.....	593,205,000
Turkey.....	86,560,000
U. S. S. R.....	465,434,000
Yugoslavia.....	780,454,000
Trust territories in Pacific.....	36,973,000
International organizations.....	1,206,895,000
Unspecified areas (mostly military):	
Asia and Pacific.....	3,752,371,000
Europe.....	12,478,908,000
Near East and Africa,	
South Asia.....	2,157,391,000
Others.....	468,379,000
Total.....	18,475,279,000
Economic-technical assistance.....	34,761,718,000
Summary total.....	53,236,997,000

We read frequently of balanced budgets and tax cuts on the part of other nations. England has had 5 tax cuts in 7 years. The British Treasury anticipates that revenues will exceed spending during the coming year by \$1.3 billion. That Government is now thinking of a sixth tax cut. The United Kingdom received under lend-lease agreements \$341,462,000, and in grants-in-aid \$3,798,179,000. During most of these years, our people have received no tax cuts, and they have labored under the greatest taxload in history.

Let us turn our attention to Canada for a moment. Canada has benefited from 11 tax cuts since the end of World War II in 1945. In both Britain and Canada these cuts have followed balanced budgets. These accomplishments are quite different from that being talked about in this country. A tax cut here will simply add to an unbalanced budget, and an increase in deficit spending. If we really want to benefit the American people, let us discontinue the foreign-aid spending program and pass these savings along to the American people. They should be, in our opinion, the most important people on earth, and certainly, our own fiscal economy should not take second place to any nation.

In this discussion, I have not indulged in many of the criticisms that have been made in the press with regard to

our foreign aid spending program. They are legion. In closing, I believe I shall quote briefly from the magazine, the American Mercury, on this particular subject. The Mercury states the case for our foreign aid spending program, as follows:

Our foreign aiders financed an extensive survey to ascertain the sexual habits of Nehru's Indians.

In Formosa, we are giving \$48 million annually to pay for pensions for overaged Chinese soldiers.

In Pakistan, we handed over \$1 million to bolster that country's fishing industry.

Our wheat giveaway has ruined Canadian farmers. Once our best customer, the Dominion Government now is looking elsewhere to spend its dollars.

In Vietnam, 200 American engineers are enjoying home comforts to the envy of the restless natives, while building a military highway of highly questionable value.

In Lebanon, our foreign aid dollars are used to plan wild grass shoots along public highways.

I have listed only a few of the many criticisms we have heard about our foreign aid spending program. In laying aside these criticisms and in light of the facts here presented, it seems that, in addition to our efforts to make our Nation secure, we must make certain that we keep our economy strong and our currency sound. Would it not be better to think more of the homefront for awhile and take a vacation from foreign-aid grants? We may be surprised how well other nations can get along without us.

Mr. ALLEN of Illinois. Mr. Speaker, I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I yield such time as he may require to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Speaker, there is, in the United States, no well-informed and responsible person who says that the mutual security program should be terminated.

However, members of that dwindling conspiracy known as the Communist Party, plus their dupes and sympathizers will take exception to this objective statement.

As well they might, for without the aid we have given to foreign nations since 1948, some of them would have been swallowed up by the Communists as of 1958.

Material aid has firmed up the free world, the neutral nations, and those unsteady young countries, new to independence, who need friendly help. This is a fact which the Kremlin knows to be true.

The policy of Communist Russia is now oriented toward competition with us in this field, through military and economic assistance to other nations, although its objectives are far from mutual. Under the pretext of concern for the welfare of other nations, Russia is reaching out to enmesh them in its trap. Basically, this twisted imitation by the Communists is an admission on their part, no matter how they may try to conceal it, that the mutual aid program of the United States is effective.

During the 2 months of hearings on the Mutual Security Act of 1958, some critics pointed out minor defects in the administration and control of this program.

Subsequent testimony assured us that the executive department is taking remedial action.

Furthermore, the Committee on Foreign Affairs has reduced authorizations for certain phases of the program, to promote greater efficiency in the use of these funds by concentration on high-priority items.

Apart from these minor faults, which are being corrected, the reasons for continuing mutual aid are overwhelming. Without it, the cold war would be lost. Through mutual aid, we are cooperating with 42 nations in all parts of the world for our common defense. Results have proved that the independence of each is sustained by the interdependence of all.

Western Europe has recovered its economic health.

Nations bordering on Communist countries have been strengthened, and encouraged to resist Communist pressure and blackmail.

The NATO and SEATO groupings have brought a halt to Communist expansionism in Europe and southeast Asia.

In Africa, the Middle East, South America, and south-southeastern Asia, nations that are striving for self-development are learning the difference between mutual aid and Communist absorption. With our continuing help, most of them are making the right choice.

Economic aid and technical cooperation are raising the standard of living throughout the free world, and, what is more important, are helping to build the morale which is the strongest bulwark against communism.

The military-assistance part of the program is also a mutual effort. From 1950 to 1957, the United States furnished \$20 billion to assist our allies, while our allies provided no less than \$122 billion.

Leaders of both parties, and leaders in every walk of life, are almost unanimous in their opinion that mutual aid is not only essential but must be generous to succeed.

It has succeeded, up to this year, as the realists in the Kremlin, who have been frustrated by it, admit to themselves.

It would be utter folly for us to economize at the expense of mutual aid and mutual security.

This is one program where we hold the initiative, and advantage, over the Communists.

As our own people learn these facts, they will endorse our action in approving the Mutual Security Act of 1958, because they will recognize that it is absolutely necessary for the defense of the free world.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12181) to amend fur-

ther the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 12181, with Mr. Boggs in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, we have before us H. R. 12181 which authorizes the funds for carrying on the mutual security program. The bill authorizes \$2,958,900,000—a reduction of \$339 million below the executive request. This is a cut of 11.5 percent. The program will provide assistance to 63 countries and 10 territories of other nations. 41 countries will get military aid and 22 nations will receive only economic aid. The bill authorizes \$1,640 million for military aid—which is 55.4 percent of the total—and \$1,318,900,000, or 44.6 percent, for economic and nonmilitary assistance.

The bill which the Foreign Affairs Committee has reported to the House and which the committee recommends that the House approve reflects more than 2 months of serious and critical consideration by the committee. Let me remind you of the situation in which the Foreign Affairs Committee found itself last January when the present session of Congress began.

There were then—as there are today—several areas of the world where there were situations which could properly be designated as crises. There were many other places where tensions were evident and trouble spots were—as they still are—liberally sprinkled over the surface of the globe.

At the same time the committee was confronted with reports of waste and inefficiency in the administration of the mutual security program. Among them were reports from the General Accounting Office and from three subcommittees of the Committee on Government Operations of this House which represent careful field investigations and which demanded our most serious consideration.

We were aware also of a continuous background chorus of charges—most of them originated by 1 or 2 individuals—that mutual security funds were being used to buy dress suits for Greek undertakers—to supply iceboxes to Eskimos—and that the operation of the foreign aid program was pretty much of a mess.

The committee began its work also with a full realization that unemployment in the United States was increasing and that the economic outlook was discouraging.

We started our consideration of mutual security legislation this year with these things in mind and inevitably our approach has been critical. We have scrutinized the various aspects of the program with great care. The first job we undertook was to orient ourselves in respect to the world situation.

We heard testimony from the Secretary of State—from several of our ambassadors and military commanders and from various officials and individuals with intimate knowledge of conditions in particular countries. In trying to determine whether our efforts are being properly directed—whether we are failing to do the right things or wasting our money on the wrong things—it is important to establish a proper perspective.

If we insert red pins in the map wherever there is an international trouble spot—it is misleading to regard these red pins as representing failures in United States foreign policies and deficiencies in the operation of the mutual security program. A much more accurate picture is obtained by focusing attention on the objectives and the activities of the Soviet Union. It is much more realistic to regard the red pins as representing Soviet efforts to extend the influence of communism—to stir up trouble—and to cause us embarrassment.

The fact that a trouble spot exists is not evidence of a failure in our foreign policy. It is necessary in order to form a judgment for us to analyze each situation, to consider what we are doing, and whether or not our efforts either are, or show promise of, producing results.

Let me remind you of one important point. There are those who say that because the Soviet Union shows no sign of quitting in its efforts to subvert and dominate the world—our mutual-security program is not accomplishing its objective.

In my opinion, anyone who advances such an argument is completely ignoring certain essential facts.

A cold war is essentially different in strategy and in timing from a hot war. In a hot war we strike at the centers and the sources of the enemy's strength. In a cold war we have to direct our efforts to all parts of the world and adjust our timing to political and other intangible considerations rather than to our own sense of urgency.

We will not have won the cold war until the Soviet Union ceases to struggle. We must determine progress, however, not by focusing attention on the vigor of the Soviet effort but by considering whether the problems confronting the Soviet Union are becoming fewer and easier or more numerous and more difficult.

The number and distribution of the red pins on the map are not evidence of failure. They indicate, primarily, that we are conducting a large and complex operation.

Among the problems considered by the committee is one to which it is possible to give a simple and a direct answer, that is, the relation of the mutual security program to the problem of unemployment and the unfavorable economic situation in the United States. It is possible to state categorically that the elimination or substantial curtailment of the mutual security program would add to unemployment and aggravate the economic recession.

Let me remind you that in general the dollars which are voted for the mutual security program are not and never have been shipped to foreign countries for them to spend. In the overwhelming majority of cases United States aid is provided in the form of weapons, commodities, machinery and services which are bought and paid for in the United States. Almost 80 cents out of every foreign aid dollar is spent at home. Not all of this 80 cents goes to pay for commodities, a portion of this expenditure is to pay salaries, to provide technical services, and to pay ocean freight in United States flag vessels.

There are only a few exceptional cases where we actually make dollars available to a foreign government for it to spend. Even in the offshore procurement program under which a limited quantity of ammunition and other military items are purchased in foreign countries, we do the buying. There are also certain cases where, for reasons of economy or because such action will increase the effectiveness of the program, we purchase commodities overseas in connection with our economic aid programs.

The fact remains, however, that almost 80 percent of our foreign aid expenditures have an immediate impact on United States Agriculture, United States industry, and United States employment. Even the small proportion of dollars which are spent overseas ultimately are used to pay for goods and services from the United States. There is no country in the world which does not feel a much greater demand for the things that only the United States has to offer than such country is able to afford. Every dollar reaching every foreign nation is directed back to the United States to pay for imports which only we can supply.

Since the beginning of the foreign aid program \$6,800 million of the products of American farms have been paid for with mutual security funds. These exports included over \$2 billion worth of cotton and over \$1¾ billion worth of wheat. Let me make clear that these figures do not include shipments under Public Law 480. These are only exports financed out of funds appropriated for the mutual security program. The best information available indicates that about 600,000 Americans in factories and on farms are provided employment by the mutual security program. I would like to call the attention of the House to page 11 of the committee report which summarizes the importance of foreign aid expenditures to a number of our industries.

Cutting the funds available for foreign aid does not mean that we would stop spending money abroad and have more money to spend at home. On the contrary—nearly all of the mutual security money will be spent directly in the United States and if the program were to be eliminated or drastically curtailed—it would mean that this money would not be spent and an important market for our farm products and for many of our industries would disappear.

The adjustments necessary to find new markets and to find outlets at home for

products which formerly went abroad would only aggravate the economic condition which we are now facing.

We should not give consideration only to the direct effect which foreign-aid expenditures have on the United States economy. We must recognize also that in the years since World War II American agriculture and American industries have become increasingly dependent on overseas markets. These are normal commercial markets not financed by our foreign-assistance program.

If we were to drastically reduce our foreign-aid expenditures, the immediate effect would inevitably be political crises in many parts of the world. Nations everywhere have built their military strategy—their foreign policy—and have based their economic programs on the belief that they can count on assistance from the United States in the common effort to withstand Soviet aggression. If anything should happen to cause these nations to believe they could not count on the continuation of our support, far-reaching economic as well as political readjustments would be inevitable.

One of the reasons why the depression of the thirties was so severe was that it was worldwide in character. There was a general economic collapse everywhere. Any cut in the mutual-security program which would substantially alter its nature or its scope might extend our own recession beyond our borders with serious consequences to ourselves.

I mentioned a moment ago that the committee gave very serious consideration to the administration of the mutual-security program. We studied the reports of our colleagues on the Committee on Government Operations and heard testimony from several of them. We gave detailed consideration to the reports of the General Accounting Office and discussed them with Comptroller General Campbell and members of his staff. We asked for and received written reports from the executive on every charge of waste or inefficiency in the operation of the mutual-security program that came to our attention. This information is set forth in detail in the hearings.

As a result of our investigation, we are convinced that there is need for improvement in administration and control.

I firmly believe that the Congress has an inescapable responsibility for seeing that no program financed by the American taxpayer is wastefully or inefficiently run. As acting chairman of the Committee on Foreign Affairs I wish to assure the Members of this House that I intend to see that within the Committee on Foreign Affairs there will be a continuing policy review of the mutual security program.

The committee has written into the bill one provision which we believe will bring about a significant improvement in mutual security administration. The bill as reported includes a new section 517 which begins at the bottom of page 19 of the bill. There have been frequent reports in the past that the ICA has obligated funds for a period of 2 or 3 years for a project before reaching a firm deci-

sion as to exactly what the specifications will be or before contracts are let. This new section 517 will require the ICA to complete its plans and cost estimates before obligating funds. We believe that the ICA should take plenty of time to plan and negotiate—but we do not believe that the ICA should ask for or tie up dollars until the planning and negotiation are as near as possible to completion. We believe that this new section 517 will effectively tighten up ICA administrative procedures.

The committee is convinced also that there have been a number of cases—particularly among the newer nations—where the personnel of these governments is inexperienced—in which money has been spent for purposes not in our own best interests or in the best interests of the recipient country. The ICA is aware that corrective action is necessary and is giving a high priority to this problem. It is difficult to deal with situations of this kind in legislation because they involve matters of administrative judgment.

We have, however, reduced certain authorizations in the bill in order to insure that money will be spent with greater care in the future.

We are currently checking with the General Accounting Office—as well as with State Department and ICA officials—reports that mutual-security funds have been wasted in one particular country in Asia. Our investigation indicates that certain of the charges that have been publicized are based on fact. Our study has also been most informative as to the conditions with which our officials had to work during this period. There is no evidence of fraud on the part of American personnel. In spite of the irregularities—the country in question appears to be making favorable progress in an uphill fight against Communist subversion.

In his testimony before the committee—Secretary of State Dulles said:

I am not defending any lack of efficiency and economy in this operation—but I say this—that type of criticism is comparable to what I think the criticism would be if—in the case of a war—it was said that a lot of our bombs were not hitting the target and therefore we should cut off all the bombs for the Air Force.

You cannot conduct any cold war operation any more than any hot war operation with 100-percent accuracy and precision.

If you are going to go on the theory that you are going to surrender in the cold war because everything isn't perfect—or that if you have a hot war you are going to surrender unless every gun that is fired or missile that is fired doesn't hit a bull's-eye—if that is the idea—we better quit.

Let me repeat that the committee recognizes that improvement in administration of the program is necessary and that the bill before us represents action by the committee to bring such improvement about. Nevertheless, after careful and serious study, I am convinced that the situation is not nearly as bad as some of the published reports appear to indicate. Many of the widely circulated charges, such as that regarding dress suits for Greek undertakers, iceboxes for eskimos, and the building of a highway to a gambling resort in Portu-

gal, have been demonstrated to be untrue. Other criticisms of the program involve matters of judgment.

There are instances where well-informed persons, after visiting a particular country, have reported that expenditures for certain purposes were unwise. They maintain that it would have been better either to spend the money some other way or not to have spent it at all. After examining a variety of cases of this kind, the committee found that in every instance there was at least a rational defense of what the executive had done. Let me cite only one example.

We received well-documented evidence that in one instance military assistance funds had been used to construct a military airfield with runways designed for handling large size military planes. The military assistance program for the country where the field was located did not include any planes big enough to necessitate such long runways. This was cited as an example of bad planning and wasteful expenditure. Investigation by the committee, however, indicated that under conditions which might arise, this particular airfield could be very useful to the United States Air Force and that our planes would find the long runways most helpful. The country involved was not willing to have an airfield built for United States use. On the other hand, it was very glad to have a fully up-to-date field constructed for their own air force. Under the circumstances, it is my judgment that the expenditure was entirely justified.

We received convincing testimony from the General Accounting Office and from a number of our colleagues who participated in the work of the Committee on Government Operations that the administrative and control procedures of the program are continually improving. Many of the conditions described in field investigations have already been corrected. The Comptroller General testified that he had found no evidence of fraud in the operation of the mutual security program. We had no evidence that the situation had ever gotten out of hand—and there is every reason to believe that we can expect continuous improvement.

The action which we take on this bill will determine whether or not we are to continue our effort to win the cold war. It seems to me that there are a number of people today who try to ignore the cold war. Some of them apparently believe that we should pay no attention to what is going on in the Near East, or North Africa, or in France, or in Indonesia. They seem to reason that we can concentrate on our own internal affairs and at the same time be making ourselves stronger. Just how we would become stronger without overseas bases and without the vital materials which we obtain from other nations is not entirely clear. Let me remind you that while it would take a Soviet bomber about 9 hours to fly from Moscow to Chicago, it would take an intercontinental ballistic missile 20 minutes to cover the same distance. Nevertheless, there apparently are some who believe that we can ignore what goes on beyond

our shores and that some day the bad dream will be over and we will find that we are living in a better world. I do not believe that there are many who see the situation in this light.

On the other hand, I am afraid that there are larger numbers of people who would like to ignore certain phases of the cold war. There are undoubtedly some who are dissatisfied with the situation in France and who feel pessimistic as to the future of NATO.

There are others who are fed up with the behavior of certain the the Arab states and who say that if they don't know any better let them go communistic. There are some people who believe that we should discontinue our efforts to cooperate with the so-called neutral nations. I am well aware that some believe that it is desirable to supply weapons to other nations but that it is a mistake to provide them with cotton, machinery, and other types of economic aid.

The fact is, however, that waging a cold war is a complex operation. I do not believe that we would be justified in abandoning our efforts in any of the directions which I have referred to. Undoubtedly France and NATO are confronted with difficult problems. Yet they are too important to us for us to either definitely write them off or to ignore them.

We are confronted with a similar situation in respect to the Mid East countries. Their geographical location is of great importance to the free world. The fact that two-thirds of the world's oil resources are in the Middle East is too important to be ignored. It is better for the United States if the so-called neutral nations continue their present policies than to have them formally join the Soviet bloc.

Carrying on a cold war is a long-drawn-out and frustrating experience. There is no reason, however, for us to regard the cold war as lost or to take action which would make it inevitable for us to lose it.

The mutual-security program is vital to our military strategy and to our foreign policy. President Eisenhower in his message to the Congress on the mutual-security program this year used these words:

Yet our expenditures for mutual security are fully as important to our national defense as expenditures for our own forces and dollar for dollar buy us more in security. For the safety of our families—the future of our children and our continued existence as a Nation we cannot afford to slacken our support of the mutual-security program.

Admiral Radford has testified that the military assistance which we give to other nations is "part and parcel of our own defense."

This is the way Gen. Nathan F. Twining, Chairman of the Joint Chiefs of Staff, evaluates the problem which the United States faces today:

The cold facts of the matter are that the security of the United States depends upon our collective security system which, in turn, depends upon our military assistance program.

There may be some alternative to collective security and military assistance. Maybe

those who make the broad charge that all money spent in this area goes down the rat-hole know what that alternative is, but, so far, no responsible military man has been able to think of it.

We simply don't have the manpower, the materiel, or the money to take on the entire defense of the free world ourselves, and the defense of the free world is a condition precedent to our own defense.

If a substantial part of the free world falls or slips behind the Iron Curtain, our chances of being able to defend ourselves dim in proportion.

Mr. Chairman, the bill before us provides the means for implementing the continuation of our efforts to win the cold war. Our military strategy is based on the assumption that the mutual-security program will go forward as provided for in this bill. Let no one forget, as we consider this bill during the next few days, that what we are doing will affect not only the security of our own country but the future of the free world.

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Wisconsin.

Mr. WITHROW. I would like to commend the gentleman for a very fine statement, and I realize that the committee has worked hard on this bill, but there are several matters that I cannot understand. First of all, military assistance is broken down into six categories: European theater, Far East, Near East and south Asia, Africa, Latin America, and noncountry. What I would like to know is how much we are giving to each of the countries in all the categories. I have not been able to find this information in the report, and I have not been able to find it in the hearings. There are 12 volumes of hearings. I think we are entitled to know and that the items should be broken down.

Mr. MORGAN. Early this year a book on the mutual-security program was delivered to every Member of the House with a chapter breaking it down on a regional basis. Of course, the military assistance that goes to each individual country is classified material. We cannot spell out the type of military material they are obtaining. I placed in the RECORD sometime in March the announcement that in the Foreign Affairs Committee room, these were six volumes containing this classified material and that any Member of the House was privileged to go there and examine them at his convenience as long as he would respect the security regulation.

The books are on the table, and if the gentleman will turn to his right, he will be able to obtain that information.

Mr. VORYS. Mr. Chairman, if the gentleman will yield, the books are right here at the committee table for any Member to examine, subject to security regulations. It should be pointed out, however, that since the military amount has been reduced \$160 million, the amounts contained in the books for each country might have to share a part of that reduction.

Mr. WITHROW. That is fine, but I think that we are overdoing this security just a little bit, and I cannot subscribe to that kind of a system the way

it works here. I think that we should know. Why, my goodness gracious, I talked to people in the State Department, and they gave me information relative to some of these items, and they could be trusted, but the Members of Congress and the public cannot be trusted. I think that is wrong.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. VORYS. Mr. Chairman, I yield such time as he may require to the ranking Republican member of the Committee on Foreign Affairs, the gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

Mr. CHIPERFIELD. Mr. Chairman, first of all I wish to pay tribute to the distinguished gentleman from Ohio [Mr. VORYS]. He has chosen not to run again. During his 20 years of service on the Foreign Affairs Committee and in the House he has been a tower of strength. No one has been more conscientious in standing up for what he felt was right and for the best interest of our country. His leaving will not only be a great loss to this committee and the Congress but the Nation as well. I am sure my colleagues will join me in extending to JOHN every good wish for the coming years.

The purpose of the mutual security program is to help develop and strengthen the nations of the free world in a common effort to maintain peace and achieve progress. It is a major instrument in maintaining the security of the United States.

We are confronted with a Communist menace. Not only is there the threat of military action and economic penetration but the Communist tactics are characterized by aggression, subversion, intimidation, treachery, and broken promises.

The Reds have 400 line divisions including 175 Soviet, 145 Red Chinese, and 80 satellite. Russia has the largest air force in the world and the second best navy including over 500 submarines. She has A-bombs, H-bombs, and guided missiles.

We have met this threat by joining military alliances with some 42 nations of the world, and by entering into bilateral treaties with Korea, Free China, Japan, and the Philippines. We also have regional arrangements through NATO, SEATO, the Rio Treaty, and ANZUS, as well as participating in the Baghdad Pact.

Through these collective security agreements we are able to build up the military strength of our allies and to modernize their military forces. They enable us to have over 250 protective air-bases and installations around the periphery of Russia and her satellites. These agreements also safeguard our access to strategic materials badly needed for our own defense. At the same time they enable us to defend ourselves and the free world at the least possible cost.

Between the years 1950 and 1957 our own defense cost us \$277 billion. Our present strength is slightly over 900,000

men, 44,000 aircraft, and 1,900 naval ships including reserves.

During the same period we furnished our allies in NATO \$19.7 billion for military purposes. During that period NATO countries spent \$105 billion, Canada, Australia, and New Zealand spent \$17 billion or a total of \$142 billion including our share of \$19.7 billion.

These figures disclose the defense of this area is not a one-way street maintained entirely at our own expense, but that our NATO allies are contributing their share. For the expenditure of \$19.7 billion to NATO, in addition to our own forces, NATO now has 4.7 million men under arms, 32,000 aircraft, and 2,500 combatant vessels. In other words for this comparatively small amount we have about 5 times as many men, two-thirds as many airplanes, and over 600 more naval vessels than what we obtained for \$277 billion for our own forces—see chart in committee report, page 24. During the period referred to NATO countries spent over 5 times as much for their own defense as we did. For example, in 1957 they put up \$7 for every dollar we contributed to our mutual defense.

The system of defensive alliances over the world has built up a total strength in which our home forces represent only about one-fifth of the ground force strength, one-half of the combat planes available, and one-third of the naval craft in readiness.

It is extremely doubtful if we could have built up an equivalent amount of manpower and armament by ourselves, to say nothing of the terrific drain on our resources both in men and dollars. In addition, we have obtained more than 250 airfields, newer early-warning systems, better communication systems, and improved and modernized support units.

One of the reasons we have been able to build up such a tremendous deterrent and retaliatory force for so much less money is because it costs so much less to maintain an allied soldier. Each year it costs the United States, taking into consideration pay allowance, subsistence, and individual clothing, \$3,515 for every American soldier. To maintain an American soldier overseas, including transportation, fringe benefits, and so forth, costs an additional \$3,000.

It costs a great deal less to maintain foreign soldiers. For example, it costs annually only \$147 to maintain a Taiwanese serviceman, in Korea \$302, in Greece \$424, in Pakistan \$485, in Brazil \$776, in the Netherlands \$822, in France \$1,440, and in the United Kingdom \$1,863. This is an average of only \$470 per man to maintain an allied serviceman abroad—see chart in committee report, page 26.

Mr. Chairman, let us now turn to the field of economic aid. Many feel it is more important than military aid and I believe it is at least of equal importance.

As of February 1, 1958, the main Sino-Soviet bloc has made credit and grant agreements with 15 free world countries totaling \$1,574,000,000. Their goal is to gain control of these countries by eco-

nomie penetration and then by subversion. It would be folly on our part to ignore this new threat and not take every reasonable step to meet it.

To withdraw our support from these economic programs would be to hand over one by one these free countries to the Communists. We are meeting this threat in a number of ways. While our Foreign Affairs Committee cut the President's request \$339 million, largely in the military field, it did not make any reduction in the economic field. As a matter of fact it added \$8 million to the program.

In my judgment further cuts in the authorization would involve elimination or curtailment of important phases of the program.

There have been many complaints that the personnel carrying out the economic phases of the mutual security program were poorly qualified to perform their assignments. In many cases they have not received proper training. Sometimes there are language deficiencies. Frequently, due to lack of funds, there is no assurance of proper continuity of the program. It is thought by authorizing this additional amount some of these mistakes will be eliminated and it will be possible to place better trained and qualified personnel in the field so as to carry out a more efficient program.

Last year we made a significant change in our policy of economic aid. Instead of following the practice of giving grants to countries which require no repayment the Congress authorized an appropriation of \$500 million for a Development Loan Fund, and in addition authorized an appropriation of \$625 million for use, beginning fiscal year 1959. This makes it possible to engage in long-range economic programs so badly needed in many of the newly independent and undeveloped countries of the world. If we do not help stabilize the economy of these countries, it is a sure thing the Communists will in an effort to get them on their side.

Incidentally, this bill converts the loan fund to a Government corporation thereby making it a more effective means for providing such assistance. In so doing it has in no way lessened congressional control of the fund. As a matter of fact, by making it a Government corporation it gives Congress additional control over the fund by making it subject to the provisions of the Government Corporation Control Act.

In this bill we have tried to more clearly separate the military functions of the mutual security bill from the economic. For the first time we recognize defense support is in reality economic aid. Defense support is economic assistance to certain nations which receive United States military aid in order that they may support larger military forces than they would otherwise be able to do.

As I have expressed on numerous occasions, I believe under the point 4, or technical assistance programs, if confined to its original purposes whereby we give technical assistance, our knowledge and skills, to undeveloped countries in the field of agriculture, health, sanita-

tion, and education, we get more for our money than under almost any other program. I am glad to report these programs, to a very large extent, are being so limited. Next year more than 70 percent of the funds will be used to pay for United States technicians, the training of local participants, and for services of American universities and contractors. Only about 8 percent will be spent on supplies and equipment.

By the very nature of these programs they have made a deep impression on many peoples in the undeveloped countries and have garnered for us a most important measure of good will and understanding at the grassroot levels. This has done much to keep these countries out of the Soviet orbit.

It is easy to be critical of parts of a program that is global in scope. I have no doubt that there is some waste, some inefficiency, some poor personnel, and some unwise programming. But these defects must always be weighed against the benefits that we Americans derive from a stronger world of free people.

There have been many charges made to discredit the program which upon investigation have been found to be false. Such ridiculous charges have been made that we have furnished refrigerators to Eskimos, dress suits to Greek undertakers and baths for camel drivers in Egypt, and so forth. Your committee has made a careful investigation of over 90 such charges and the truth concerning same will be found in the hearings.

Undoubtedly today we will also hear many complaints that all we are doing under this program is to try to buy friends and that we have not been successful citing such incidents as occurred in Lebanon and South America. As far as I am concerned if the only purpose of this program is to buy friends I would not favor it. Everything we do should be solely for the best interest of our country and for promoting peace. While we may not have won friends in some instances this program has been effective. Since its inauguration in 1950 only north Vietnam and Tibet have been added to the Red bloc. If this program has not been effective why does the Soviet spend \$18 million a year to jam the Voice of America so as to prevent our telling the world of our accomplishments. At every opportunity she tries to stir up strife against us but fortunately without too much success.

Critics of the mutual-security program do not seem to realize that it has a direct beneficial effect upon our own economy. As a matter of fact nearly 80 cents of every dollar of mutual security funds—a higher percentage for military hardware—will be spent in the first instance in the United States; and all the dollars will ultimately be spent here.

For example, the expenditures in the economic field help United States businessmen and farmers. Between the years 1948-1957 there was spent \$1.891 billion for machinery in the United States, \$423 million for corn and \$1.783 billion for wheat. According to ICA during the last year there was spent \$3,690,000 with Caterpillar Co. \$3,726,000

with International Harvester, and so forth.

It is estimated that the mutual security program provides employment for over 600,000 Americans in factories and on farms each year.

I believe both the economic and military programs should be continued for our own self-interest. Without them we might find ourselves standing alone in a hostile world with neither friends nor allies to support us in our resistance to the totalitarian, alien doctrines of the Kremlin. I only hope that we in the Congress have the wisdom to continue the mutual security program and thereby help insure that war is averted.

As President Eisenhower has said, "We must carry forward the never-ending fight for peace, for security, for sound, sane and progressive government in America."

CALL OF THE HOUSE

Mr. CHIPERFIELD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-one Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 53]

Abbott	Everett	Powell
Anderson,	Flood	Preston
Mont.	Fogarty	Radwan
Ashley	Fountain	Rains
Auchincloss	George	Reece, Tenn.
Ayres	Green, Pa.	Rhodes, Pa.
Barden	Gregory	Riley
Bass, N. H.	Griffiths	Robeson, Va.
Baumhart	Gross	Robison, N. Y.
Belcher	Gwinn	Saund
Bonner	Hale	Scott, N. C.
Buckley	Harrison, Nebr.	Scott, Pa.
Burdick	Hébert	Shuford
Carrigg	Hillings	Smith, Miss.
Celler	Horan	Teague, Tex.
Chelf	Jackson	Teller
Christopher	James	Thomson, Wyo.
Clark	Jenkins	Tuck
Coad	Kluczynski	Ullman
Collier	McCarthy	Watts
Cooley	McCulloch	Wharton
Coudert	Meador	Whitener
Cramer	Miller, N. Y.	Whitten
Davis, Tenn.	Moore	Wier
Dent	Morris	Willis
Dies	Norblad	Wilson, Ind.
Dooley	Norrell	
Eberharter	Philbin	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, finding itself without a quorum, he caused the roll to be called, when 334 Members answered to their names, disclosing a quorum to be present, and he submitted a list of the absentees for printing in the Journal.

The Committee resumed its sitting.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the distinguished chairman of the full committee, the gentleman from Illinois [Mr. GORDON].

Mr. GORDON. Mr. Chairman, I rise in support of H. R. 12181, the Mutual

Security Act of 1958. This will be my last opportunity to speak in this august body in support of the annual renewal of the mutual security program which I have steadfastly worked for from the beginning as the surest means of winning the cold war and preventing its eruption into hot war.

As most of my friends and colleagues know, it has been necessary for me to undergo major surgery for a circulatory condition, and although I have been making good progress under the skilled and devoted attention of my doctors, it has been necessary for me drastically to curtail my activities and to arrange my retirement to private life at the end of this term.

I would be remiss if I did not voice my deepest appreciation for the many kindnesses and the understanding which have been extended me by my colleagues on the Committee on Foreign Affairs and in the House of Representatives. I am particularly happy that it has been possible for my esteemed and dear friend, Dr. MORGAN, to take over as acting chairman of the committee during my physical incapacity. Dr. MORGAN has not spared himself and has done a magnificent job in conducting the meetings of the committee and steering the important mutual security bill through the committee to the floor. Under his leadership the bill has been very greatly revised and improved from the original draft submitted by the Executive. Dr. MORGAN has shown a keen awareness of the problems which are inherent in certain weaknesses that have developed in the administration of the program and has assured me and the other members of the committee that he will arrange for a continuous policy review aimed at strengthening the administration of the program and do everything possible to eliminate waste, extravagance, and inefficiency. It is my belief that many of the new provisions which have been written into the present bill under his leadership will go far toward improving existing conditions.

I am especially pleased today to be able to say that when the new Congress convenes, the Foreign Affairs Committee will have as its chairman a legislator who has already ably demonstrated his outstanding qualifications and fitness for the post. I know that everyone of us will be proud of the record he and the committee will make. I also wish to say a word in praise of the distinguished gentleman from Ohio, my dear friend JOHN VORYS, who, like me, is not a candidate for reelection. The minority and the entire House will feel his absence in this Hall and will miss his wise counsel and debate. I know that he will carry with him the best wishes of all of us for his future happiness and success in whatever endeavors he may undertake.

It is not my purpose to discuss the specific provisions of the bill before us today. They are being covered in more detail by Dr. Morgan, Mr. Vorys and other members of the committee. I simply wish to emphasize that the Committee on Foreign Affairs has reported this bill after extended hearings and most careful deliberation as the best

legislative answer it could give to the challenge confronting our Nation as a result of the hostile attitude of the Communist-dominated countries of the world. You will note from reading the Committee report that the mutual-security program has resulted in the extension of \$20 billion in military assistance to our allies, who have in turn spent \$122 billion of their own funds to develop their mutual-defense capacity, and that they have put up \$7 for every dollar we contributed to their armed forces in 1957. While we have been making this \$20 billion contribution, our own defense has cost us \$277 billion from 1950 through 1957. Without our allies it would have been necessary to have spent much vaster sums in building up our own defense strength.

The Communists are still maintaining nearly 400 line divisions and have the largest air force in the world. The Communist leaders cannot help knowing in their hearts that they run no risk of our ever waging an aggressive war against them and that our expenditures have been made with the greatest reluctance out of sheer necessity to build a deterrent against attack.

Our mutual-security expenditures have given us a string of over 250 bases and installations strategically located around the world which help provide this powerful deterrent against Communist aggression.

Much has been said about the cost of the mutual security program. It is costly, but the only alternative is even costlier and there is every reason to believe that the costlier alternative, which would mean our going it alone, would not, and could not, be effective. Actually, the funds we expend on mutual security are a less costly investment, an insurance policy against attack.

For example, it costs us \$6,500 a year to transport and maintain an American serviceman abroad without counting his weapons. The cost is much less for foreign soldiers, ranging from \$240 for a Turkish to \$1,863 for a British soldier, and the average cost is only \$840. Simple arithmetic shows that it is a good investment for us as well as our allies to contribute to the support of their forces where their economies are unable to sustain this burden without outside help.

As I take part in this debate it is heartening to realize that better understanding of the true facts concerning the mutual security program, its necessity and its effects, is increasing. The committee report emphasizes a fact which is becoming better realized, that large cuts in or elimination of the mutual security program would not only harm our defense effort, but would increase the present economic recession here at home. Nearly 80 cents of every dollar of mutual security funds is spent in the United States and all is ultimately spent here. Nearly 600,000 Americans in factories and on farms owe their employment to the mutual security program. I would like to refer to a chart which appears on page 11 of the committee report which shows how significantly the program has utilized major

commodities produced in the United States. From April 3, 1948, through June 30, 1957, \$2,370 million of mutual security funds have been spent for cotton, \$1,891 million for machinery, \$1,783 million for wheat, \$477 million for petroleum, \$466 million for iron and steel, \$423 million for corn, \$406 million for chemicals, \$404 million for coal and \$351 million for motor vehicles. These figures do not include the very large sums spent on the surplus agricultural commodities which have been sold to foreign countries for local currencies.

Although my health did not permit me to participate in nor to attend many of the recent committee hearings, I have followed them and have examined the evidence submitted with close attention. My conviction has been confirmed that our security and the security and freedom of our children and grandchildren depend upon the collective security system which has been built up through our foreign-aid program. No witness has ever been able to suggest a workable or safe alternative. I dislike spending money for military assistance as much as anyone possibly can. During the war I supported every measure to increase our strength and insure victory. In a sense, the war never has ended. It has shifted instead to a different but just as deadly version, which we speak of as the cold war. Our own safety and security demand that we maintain the fight which we are waging through the mutual security program to preserve our freedom.

I urge the House to vote for the present bill as a measure which is, to use the words of Admiral Radford, "part and parcel of our own defense."

Mr. VORYS. Mr. Chairman, I yield myself such time as may be necessary to announce the next part of general debate.

Our colleagues from the committee, the gentleman from Missouri [Mr. CARNAHAN] and the gentleman from New Hampshire [Mr. MERROW], have gone all over the United States talking to thousands of people, explaining with charts what this program is about. We asked them to do it before our committee and we were so impressed that we have asked them to do it for the Committee of the Whole today; and it is for that purpose I now yield 20 minutes to the gentleman from New Hampshire [Mr. MERROW]. I understand a similar amount of time will be yielded to the gentleman from Missouri, so that they may give us this explanation from the charts that has been so useful.

Mr. MORGAN. Mr. Chairman, I yield 25 minutes to the gentleman from Missouri.

The CHAIRMAN. The gentleman from New Hampshire is recognized for 20 minutes and the gentleman from Missouri for 25 minutes.

The gentleman from Missouri may proceed.

Mr. CARNAHAN. Mr. Chairman, of the 25 minutes allotted to me I now allot to the gentleman from New Hampshire [Mr. MERROW], such part of it as he may use, and I ask that he now come to the floor.

The CHAIRMAN. The gentleman from New Hampshire has 20 minutes time in his own right.

Mr. CARNAHAN. Mr. Chairman, neither of us is going to use the entire time allotted to us in one continuous speech we are going to talk back and forth and it is his intention to yield a portion of his time to me.

With the assistance of several charts we have here the gentleman from New Hampshire and I will attempt to explain some of the issues involved in the mutual-security program as we have been attempting to explain the program in several sections of the country. We are not going to speak simultaneously, although that might be doing you a favor, for we would get through a little sooner. At this time I yield to the gentleman from New Hampshire.

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. MERROW. Mr. Chairman, we have under discussion today the extension of the mutual-security program, commonly called the foreign-aid program. I sometimes think it ought to be called the American-aid program. It has at times, been uncomplimentarily and recklessly called the great giveaway, the great handout, and the pouring of the taxpayers' money down a rat-hole. I think this clarifies the subject which we have under discussion and, Mr. Chairman, if it is all of those things, of course, it should be terminated.

As has been said by our colleague, the gentleman from Ohio [Mr. VORYS] we have done considerable speaking throughout the country. My colleague and I have been in 39 cities, in 27 States of the country and have given 88 platform addresses, and wherever possible those platform addresses have been followed by question periods. We have participated in 33 TV programs, 31 radio programs extending anywhere from a minute to half an hour, and we have conducted 29 press conferences.

Mr. Chairman, we find that once the program is explained and the people realize the great benefits that are derived from the mutual security program, they are overwhelmingly in support of the program and its continuation. Some wonder why we do not even authorize and appropriate more funds.

Mr. CARNAHAN. We would like, if possible, to make our complete presentation. We have several charts and we wish to cover all of them. Then, if time permits, we will be glad to attempt to answer any question that any of you may wish to ask.

This first map shows the relative position of the Soviet Union, to the rest of the world with special reference to the United States. You note the line from Chicago to Moscow shows that it is only 4,600 miles. We are not far apart in miles, and we are getting closer and closer together in travel time. You may be able to see that there are several red dots on the map. These dots represent areas of defense bases. They are not themselves defense bases, but areas in which we have developed defense bases.

We have gotten these defense bases, through the help of the foreign aid program, and I believe had we received no other benefits from the program but these bases, we would have gotten our money's worth.

Mr. MERROW. And, it should be noted that the United States has about 250 military installations around the world and that we are negotiating at the present time to place our IRBM missiles on bases in allied countries. By this program to date the potential of our friends has been greatly increased, and therefore it is exceedingly important to continue the program in the interest of our own security and the security of the free world.

Mr. CARNAHAN. The next chart shows the division in these particular categories: population, areas, steel, coal, and others are shown on the chart. The United States has 6 percent of the population of the world. The other independent countries have 60 percent of the population of the world. The Soviet bloc has 34 percent. In steel the division is about equal between the three groups, with the United States in a little stronger position; in coal, about the same with the Soviet bloc in a stronger position, and so on through the others. We think the important part shown by this chart is that so long as the countries making up the central portion of the chart maintain their national independence, the usual relationships between independent countries will be carried on between these countries and the United States. We will pool our resources, so to speak, but if the countries making up this section of the chart—and it is the largest section in most cases—should 1 by 1 become a part of the Soviet bloc, you can see that we would be isolated more and more and eventually might have to attempt to go it alone. These countries in this bloc are countries that are nationally independent. To me the important thing is that they maintain their national independence. Our mutual security program has helped them to get their independence, and is now helping them to strengthen their position of independence.

Mr. MERROW. Any appraisal, in my opinion, of United States foreign policy ought to take into account and must take into account the type of world in which we live. So, before explaining this chart, Mr. Chairman, may I call attention very briefly to the fact that we are in a world filled with tremendous power. Enrico Fermi, who has been called the architect of the atomic age, in 1942 succeeded in making the discovery of the controlled nuclear reaction and the announcement was made to Dr. Conant, of Harvard, by Dr. Compton who said over the phone:

The Italian navigator arrived at the shores of the new world.

And indeed he had, because that was the beginning of the nuclear era. Now we have the space era, so both eras are running concurrently. Of course, Fermi had to work on the mathematical discoveries made by Dr. Albert Einstein who is undoubtedly the greatest mind of this

century. Everybody, I think, is familiar with the famous Einstein formula— E equals MC squared. I would not attempt to explain, of course, how it is derived, because there are very few people, as I understand it, who can do this. But I think we can appreciate the tremendous power behind the formula by keeping in mind that E equals the energy when a certain amount of mass is transformed into energy. In other words, when mass in the hydrogen bomb is transformed into energy, then E equals M , whatever the weight is, whether it is a gram or a pound, multiplied by C squared. C is the important factor, which is the speed of light at 186,000 miles a second or 30 billion centimeters per second.

So, if you have 1 gram of matter, a tiny fraction of an ounce, and it is transformed into energy, then the energy in ergs is equal to 1—if it is 1 gram—multiplied by 30 billion squared; or when 1 gram is transferred into energy, it is 900,000,000,000 billion ergs or 25 million kilowatt-hours, or the amount of energy generated by the Grand Coulee Dam running at full capacity for 12½ hours.

What has this to do with foreign policy? It has everything to do with foreign policy because the mind of man has succeeded in going into the atom and divesting it of its hidden energy, and with the hydrogen bomb there is no city on this earth that cannot be reduced to simply a hole in the ground. Therefore, our foreign policy must be developed in such a way that we preserve the peace.

So, this is a world filled with tremendous power and, in the second place, it is a rather sharply divided world with the Communist bloc on the one hand and the free nations on the other. We find ourselves the leader of the free world, with tremendous responsibility. The Communists would destroy the freedoms which we often take for granted: freedom of speech, freedom of the press, freedom of religion, freedom of assembly, and the opportunity of the individual to develop according to his innate ability.

So, then, we are in a world filled with power. We are in a sharply divided world. We find that the conflict is joined and involves the entire world.

Mr. Chairman, I would like to call attention to a sentence that was in the Declaration of Washington in 1956, agreed to by President Eisenhower and the then Prime Minister of Great Britain, Sir Anthony Eden, in which it was said:

We are conscious that in this year 1956 there still rages the age-old struggle between those who believe that man has his origin and destiny in God and those who treat man as if he were destined merely to serve a state machine.

This is obviously as true today as when it was first stated. On this chart we show the newly independent countries and how they are strategically located. This is the division of the population of the world; total world population 2,750,000,000. The Sino-Soviet Bloc 35 percent or 950 million. The newly independent countries 25 percent, or 700 million.

The free world: The United States 6 percent and the rest of it 40 percent with a total of 1,100,000,000.

The newly independent countries are Burma, Cambodia, Ceylon, Ghana, India, Indonesia, Israel, Jordan, Republic of Korea, Laos, Lebanon, Libya, Malaya, Morocco, Pakistan, Philippines, Sudan, Syria, Tunisia, and Vietnam.

Strategically located, they have won their independence in recent years and our problem through the mutual-security program is to keep the free world free and to help these nations maintain their independence because, if this part of the world, the free nations and the newly independent countries can be kept together and free, then we need not fear.

Mr. CARNAHAN. I would like to call attention to the fact that 25 percent of the people of the world have gotten their national independence since the end of World War II. In the period that we have had foreign aid or the mutual-security program, one-fourth of the people of the earth have become nationally independent. I know that there are those who say that we are only squandering the taxpayers' money on the foreign-aid programs because there are no accomplishments—they say. They say that the world is fast going Communistic.

This chart shows that that statement just is not true. As many people have gained their national independence since the end of World War II as have gone Communist. In fact, the score is on the side of the free world. Our foreign-aid program has helped these people to gain their independence in the first place and, as I have already said, it is now helping them to strengthen their position of independence.

This chart shows the strategic materials from other free nations.

The dark red in each of the items shows the imports and the yellow shows the domestic production.

This chart also shows just how interdependent the free nations of the earth are and it shows just how dependent we are upon the other independent nations throughout the earth. If you examine this chart the facts it reveals are rather startling.

This is the item of nickel. We must import 96 percent of the nickel that we use.

This is mercury. We must import 67 percent.

Platinum, 98 percent.

Antimony, 88 percent.

Tungsten, 59 percent.

Bauxite, 78 percent.

Natural rubber, 100 percent.

Tin, 100 percent.

Chrome, 91 percent.

Industrial diamonds, 100 percent.

Manganese, 86 percent.

Cobalt, 80 percent.

If these countries, that are still maintaining their national independence, from which these items come should become a part of the Soviet bloc, then we will not get these materials. We know that if these materials should be denied that our own great industry would slow down. If enough of them are denied, our industry will come to a halt. These

are some of the things that our foreign aid program is doing for us. It is making available these absolutely essential materials for our industry. We could show on other charts numerous other items important to our industry that must be imported. Incidentally, this chart on imports is an excellent argument for the extension of the reciprocal trade agreements act.

This chart deals with another element in the world in which we find ourselves. Congressman MERROW has just told you we are in a world filled with power, so much power that we are not sure what we are going to do with it. It is a sharply divided world. Never, in my opinion, has the world been quite so sharply divided as it is at this moment. It is divided not necessarily in power blocs as in the past, but divided, and rallying, behind ideologies—the ideology of democracy and freedom and abundance and security—and the ideology of international communism.

This chart describes the lot of humanity throughout the earth. In any consideration of our own national welfare in the future, we must take into consideration all of humanity. This chart gives a comparison between the developed areas and the underdeveloped areas in five categories.

The first category is income. The long line at the top represents the average annual income of those who live in the developed areas. The developed area includes the United States and some of the other more highly developed countries. Here you see average annual income per person in the developed areas, including the United States, is \$1,400 a year. In the underdeveloped areas, which includes most of the human beings living at this time, it averages \$120 per year.

If there was a line representing the United States and another line representing some of the lesser developed countries, the disparity would be even wider than is shown here.

This portion of the chart shows power or lack of power. In the developed areas we have 2,200 kilowatts of electricity per person per year. In the underdeveloped areas there is 86 kilowatts per person per year.

This portion of the chart shows roads or lack of roads. In the developed areas we have a thousand miles of road for each thousand miles of area. In the underdeveloped areas there is 75 miles of road per 1,000 square miles of area in comparison to the 1,000.

These two lines on the chart take a little steam out of the criticism that in the foreign-aid program we are only wasting the taxpayers' money when we are helping in the construction of generating capacities which some contend are not needed. But if you look at the chart you will see that generating capacity is needed almost anywhere. Many roads, they say, that we build are wasting the taxpayers' money; it is alleged that we are building roads that do not go anywhere. With the number of roads in the undeveloped areas, I sub-

mit that any road in these areas must go somewhere.

This portion of the chart shows life expectancy. In the developed areas we can expect to live to be 67 years old. That is still encouragement to some of us. In the underdeveloped areas they can only expect to live to be 36 years old.

This is literacy or illiteracy. In the developed areas we are 95 percent literate. In the underdeveloped areas they are 35 percent literate. In any consideration of foreign policy or of the future of our own great country, I think we ought to keep six very simple things in mind. It will help us in responding to questions on foreign policy and foreign aid. I shall name them for you without lengthy discussion.

First, most of the people of the world live in Asia and Africa. If world order evolves in which a free country can continue to be free, then the people of Asia and Africa will play an important role because that is where most of the people live. Second, most of the people of the world are not of the white race. The white race is in the minority. Third, most of the people of the world are economically poor. Fourth, most of the people of the world do not have enough of the proper kind of food. To be brutal about it, most of the people of the world are hungry. Fifth, most of the people of the world are sick. Sixth, most of the people of the world are illiterate. On that point I must say that most of the children of the world do not go to school because, as we say down in the Ozark, "There just ain't no school."

Mr. MERROW. Mr. Chairman, I would like to call attention to the fact that on May 28 and 29, and on June 5, 1957, the Foreign Affairs Committee of the House, with Congressman CARNAHAN as chairman, heard religious leaders representing various denominations, testify on the moral obligation of the United States to assist people who are less fortunate than ourselves. May I read the list of the witnesses who appeared the first day:

Dr. Ralph W. Sockman, minister, Christ Church, New York, N. Y.

Dr. Charles F. Boss, executive secretary for United Nations and Intergovernmental Affairs for the Board of World Peace for the Methodist Church.

The late Dr. A. Powell Davies, minister, All Souls Church, Unitarian, Washington, D. C.

Rt. Rev. Angus Dun, bishop of the Protestant Episcopal Church, Diocese of Washington.

Rabbi Abraham J. Feldman, president, Synagogue Council of America, Hartford, Conn.

Rev. James L. Vizzard, S. J., vice president, National Catholic Rural Life Conference.

I cannot read, of course, everything that was presented to the committee. As typical of what was said, I quote Dr. Sockman, "we do not conceive of the economic aid proposals as a giveaway program."

Father Vizzard said, "If we dedicate ourselves to a program for shared abundance, we may never again be called

upon to dedicate our lives and our wealth to a program of shared disaster."

Rabbi Feldman stated: "As our Nation, which is so privileged, shares its technology, its economic abundance, its life-preserving resources, our actions will demonstrate our concern for the welfare of other human beings."

And if there were no other reasons for carrying on this program we would have sufficient reason in the moral obligation as the wealthiest Nation in the world to carry on a program of helping those that are less fortunate than ourselves.

I have seen deplorable conditions in many villages around the world. I have often wondered what I could say to the people in my own district as well as people elsewhere in the United States in asking them to continue to supply money for improving conditions in the free world. As I thought the matter over I recalled the account of the last judgment which we are all familiar with, and part of it which states, as you know: "Inasmuch as ye have done it unto one of the least of these, my brethren, ye have done it unto Me." Surely we have a moral obligation.

This chart shows the breakdown of what was made available for this year: \$3,436,000,000. Fifty-five percent is for military assistance; defense support 21 percent; all others 24 percent.

Military assistance is \$1,879 million; defense support, \$725 million; development loan fund, \$300 million; technical cooperation, \$142 million; special assistance, \$225 million, and other programs, \$165 million.

This next chart shows the mutual security program for the fiscal year 1959. It sets forth what was requested and what the committee voted.

Military assistance \$1,800,000,000 with a cut of \$160 million, leaving \$1,640,000,000.

Defense support \$835 million with a cut of \$60 million.

Technical cooperation was increased by \$8 million.

Special assistance \$212 million with a cut of \$27 million. Contingency fund \$200 million with a cut of \$200 million.

All others, \$106 million.

So the total cut in the authorization was \$339 million.

Here is the division of the expenditures as requested by the Executive: Military assistance 46 percent; defense support 21 percent; development loan fund 16 percent; all others 17 percent.

That gives what happened to the request in the committee. Here we have a summary of what is contained in the bill, making a total request for new money amounting to \$2,958,000,000.

The difference between this figure and \$3,940,000,000 which was the program presented by the Executive is the development loan fund of \$625 million which was authorized last year, the State Department administrative expense authorization of \$6,700,000, and the Intergovernmental Committee for European Migration program of \$12,500,000 previously authorized and the cut voted by the Committee of \$339 million. This explains the difference between that and the authorization that is carried in this bill.

On this chart we see the mutual security program in reference to the rest of the total United States budget which is 5 percent, or \$3,900,000,000.

Defense is \$41,600,000,000, and all others is \$26,900,000,000.

This shows what a small part of the entire budget this so-called foreign aid, or the "great giveaway program" is.

I feel in this connection we ought to keep in mind some other figures. I have seen in the press, and you have also seen the statement that since the last war we have spent \$60 billion plus in aid programs. This is correct.

I wonder, however, how many of us realize just how much we have spent on our own Defense Department? I was curious to know what that figure amounted to, because we are in a sharply divided world, a world filled with power, a world in which there is aggressive communism seeking to dominate the earth. So I ask the Library of Congress to make a tabulation for me.

During the same period as the aid programs we have spent in excess of \$351 billion. Now, I do not intend to be critical of defense expenditures—I voted for them—but I think in order to get the true picture we should say that since the last war our complete defense—because we are considering the mutual security program as much a part of our defense as any dollars spent elsewhere in our defense structure—we have spent in excess of \$400 billion, \$60 billion, or 15 percent of which has been spent for aid programs.

The question now comes: Is it a handout?

Is it a giveaway?

Is it taking the taxpayers' money and pouring it down rat holes?

What has been accomplished? And I am not going to discuss in detail the various accomplishments, but I think you will agree that we saved Greece and Turkey from being taken into the Communist orbit; we kept the Mediterranean from becoming a Soviet lake; we rehabilitated under the Marshall plan the countries of Western Europe; we increased the military potential of our allies 4 or 5 times. We succeeded in keeping the markets of the free world open to us. We kept the strategic resources of the free world available to our industries. We checked the advance of communism, and we stopped insurrections started by the Communists in various places. The free world is still free and our own security has been vastly strengthened.

Since 1950, with an expenditure of approximately \$20 billion by the United States in military assistance, our allies have spent over \$122 billion. The NATO countries have been vastly strengthened. They have taken, as you all know, a new attitude toward a possible summit conference within the last 2 or 3 months, as exemplified by what came out of the recent NATO meeting at Copenhagen.

Here it is: Mutual security program, \$3.9 billion; the regular defense budget, \$41.6 billion. We strongly support all of it.

Mr. CARNAHAN. We want you to take a good look at it. That is the great giveaway, 5 percent of the Federal

budget, and I insist to my good friends that this figure for the total national budget is perhaps a Republican figure, because by the time we get through with the expenditures for the year, it will be more than that amount shown here. Then, if the total expenditure does increase, this piece for the mutual security program becomes smaller. There are those who think that if we just take this program out completely or cut off a piece of it, we would then save enough money to support our defense effort and increase all of the other Government programs; perhaps pay off the national debt, reduce taxes, and give us all a bonus. If you want to do all of those things, you will have to hunt some other place besides the foreign aid program to get the money. That small part is the great giveaway.

It reminds me of butchering time down in the Ozarks, and I am sure that many of you older Members can remember similar occasions. When they butchered several hogs all in 1 day, in the fall of the year, the neighbors would gather in to help, and when they got ready to go home in the evening everybody would be given some meat to take home with them. The shiftless character of the community spent butchering day watching; but he did not do much. When it was time to go home, he was not given anything. He was not going to be cut off that way, so he swiped a small ham, stuck it under his coat and started home. On the way home he passed the community church where the community gather for the evening meeting in connection with the annual protracted meeting. He looked in at the door, and the usher thought he was interested in coming to church, so they took him down to the front of the church and sat him down in a front pew. The preacher had just taken his text, and the text was, "My brethren, you must get that sin out of your bosom." The preacher would exhort and then get back to the his text again, "My brethren, you must get that sin out of your bosom." About the third trip around, the fellow could not stand it any longer, and he said, "Here, take the blame thing. Who ever thought anybody could raise such a stink over one little piece of meat."

This chart partially shows the impact of the foreign-aid dollar on our own economy; in other words, this is what happens to the dollars. There are those who believe that we Members of Congress sit up late at night figuring out new ways and means of sending out shiploads of dollars to foreign countries where they are then chucked down rat-holes and lost to our economy.

What does happen to the dollars that are sent abroad? This is the story. When money is allotted to a foreign country in a foreign-aid program, the very first time the money is spent after it is allotted, 78 cents out of every dollar is spent within the United States buying products of our own forests, our farms, our mines, and our factories, or paying for the services performed by an American. Well, you say, "What happens to the 22 cents? I guess that is the rathole

money." The 22 cents is also American dollars. They may change hands a time or two, but they will come back into the economy and make purchases here. You cannot detach 1 penny of 1 foreign-aid dollar from our own economy. Here are some of the things that are bought. Cotton, \$2.34 billion. Machinery next, wheat, tobacco, fats and oils, petroleum, iron and steel, corn, chemicals, coal, and motor vehicles.

The foreign aid program as it is in operation or has been in operation in the last few years furnishes employment directly for about 600,000 United States workmen. That many people have jobs because we have the foreign aid program, who would not be on the jobs they are on now if we eliminated the program. And since that many people are directly employed, getting their paychecks each week or every 2 weeks or every month. I am sure there must be a few extra grocery clerks and an extra barber or two, and perhaps a few more taxi drivers. So it is conservative to say that the foreign-aid program, as it has been operating the last 3 or 4 years, furnishes employment for 1 million workers in our own country.

We are often asked, "Why do you want to be spending money on a foreign aid program when we have unemployment here at home?" If we want to further increase unemployment let us discontinue the program. A vote against the foreign aid program is a vote to further increase unemployment right here at home.

Mr. MERROW. Mr. Chairman, this chart, in connection with what has just been said, is interesting. Mutual security dollars are spent in the United States, 75 percent of them for direct procurement of supplies. The calculation is between 75 percent or 80 percent if payments to Americans overseas is included. In addition to direct procurement from United States suppliers the other 25 percent of mutual security funds expands United States export sales. These dollars provide employment for American farmers and workers. In 1955 about 600,000 jobs and in 1957 about 560,000 jobs. This decrease corresponds to the cuts in mutual security expenditure over the past 2 years. To the extent that the program is cut there is bound to be a cut in the employment figures.

When one discusses this program, the question is often asked, "How does the United States benefit directly?" Aside from its importance to our security, it is well to keep in mind that most of the money is spent right here in the first instance. Of course, we do spend money abroad. But that money must come back, because this is the dollar area. For the grants which we make available under this program, we have the opportunity to help keep the free world free, to increase the military potential of our allies and to fight communism on the economic front, which has become an extremely important front.

In view of the Soviet economic penetration in the last 3 years, it would certainly be disastrous and foolhardy to

paralyze this program by drastic cuts while we are ahead in the cold war.

In many instances people have said to us, throughout the country, "Why don't you appropriate more money instead of less?"

Mr. CARNAHAN. Mr. Chairman, this chart deals further with the impact of the mutual security program on our own economy. This side of the chart shows the number of men who have lost jobs in the period January-February 1957 to January 1958.

In motor vehicles this is the number, as shown on the chart. If we had not had the foreign aid program, we would have had 27,000 more unemployed in the motor vehicle industry.

In machinery, here is the number of unemployed. If we had not had the foreign aid program we would have had to add 23,800 to that figure.

In steel, there is this gigantic figure in comparison to the others. And if we had not had the foreign aid program we would have added 55,900. The other categories are shown here, with the figures.

The committee reduced the program by \$339 million. That reduction relieved 53,000 people in this country of the opportunity of having a job. We just cut off 53,000 by the cut that we made. If those 53,000 could be kept on the payrolls, they might buy a few automobiles, and my people down in my district might sell a little more glass.

Mr. MERROW. Mr. Chairman, I might say that we were opposed to reducing the authorization request, and we certainly hope that the House will not reduce it further.

We try to be as bipartisan as possible, so, once in awhile we split a chart.

The chairman of the committee, in his fine speech this afternoon, referred to surplus agricultural products. This shows sales and transfers of agricultural surpluses which aid our friends abroad and move our excess production. The total for fiscal year 1954 through fiscal year 1957 inclusive is \$6.6 billion.

Under Public Law 480—in the light green—and under mutual security programs—in the dark green—the chart shows figures for each of the years 1954, 1955, 1956, and 1957, resulting in \$2,446,000,000 in the last year.

Sales agreements signed and other transfers by fiscal years are shown.

Currencies derived from these agricultural surpluses have been very valuable in helping the economies of the various countries in which the products have been sold.

Mr. CARNAHAN. The other side of the chart shows the portion of a commodity that goes outside of our own country or is sold abroad as the result of a Government program.

This one in cotton, for instance. Forty-six percent of all cotton sold outside of the United States is sold through a Government program. The rest of it goes through the regular channels of trade.

Here in wheat. Sixty-eight percent of all wheat that goes abroad goes as the result of a Government program.

The other commodities are shown here.

This next chart gives a rather interesting story. There are those who say that we are not doing the right thing in this foreign aid program because what we are doing is encouraging development in other countries, and they say those countries are going to become serious competitors of ours and that we are just building up our competitors. Well, the only thing wrong with that statement is that it just is not true. This chart shows who the good customers are. The country that is the most highly developed is the good customer.

Here is Canada. Canada buys \$234 worth per person from us every year. Canada is the best customer of all.

The Netherlands buys \$50 worth per person. The United Kingdom \$21 worth and so on down the line. Here you see India. They buy \$1.10 worth. Some of the other countries probably would be buying 25 cents worth.

So you see the more highly developed the country, the better customer it is.

The CHAIRMAN. The time of both the gentleman from Missouri and the gentleman from New Hampshire has expired.

Mr. VORYS. Mr. Chairman, I yield 5 additional minutes to the gentleman from Hampshire [Mr. MERROW].

Mr. MORGAN. Mr. Chairman, I yield 5 additional minutes to the gentleman from Missouri [Mr. CARNAHAN].

Mr. MERROW. This next chart shows the major Soviet bloc aid agreement as of February 28, 1958. The Soviet Union has extended economic and military aid. They have made agreements to extend economic aid in the amount of \$1,599,000,000, plus \$378,000,000 in military aid, making total firm agreements amounting to \$1,977,000,000, including \$8,000,000 in assistance to Latin America.

This aid is in the strategic countries along the periphery of the Soviet Union, such as Yugoslavia, Egypt, Turkey, Yemen, Syria, Afghanistan, India, Nepal, Ceylon, Burma, Cambodia, and Indonesia. A small portion of the aid is even going to Iceland. The red represents economic commitments and the blue the military commitments to Egypt, Syria, and Afghanistan.

I think this is rather important because in the last 3 years the Soviet Union has entered the economic field. In other words, they are using economic aid for the purpose of penetrating and, if possible, subverting various countries of the world. The United States has been extending economic and military aid over the years to various countries for the purpose of helping them to help themselves and for the purpose of strengthening the security of the free world. Now, we find Soviet economic penetration going on. We find that the Communists are not hesitant in saying they are going to control the world, if possible, by one means or another. They have used the military threat; but, fortunately, we assisted in developing NATO into the strongest peacetime alliance in all history. Now the Communists have turned to economic penetration. It has been

said by some, in view of the heavy military burden which we must carry—amounting to \$41.6 billion for the next fiscal year—that perhaps we ought to take some money out of the mutual-security program. When we get to the point that we need money for any other purpose, some people think that foreign aid is a good place to obtain it. It seems to me that this would be the most short-sighted way of proceeding. If we were to get in the position of doing that, when we would be actually directly assisting the Soviet Union in their economic penetration of various countries. The military front is, of course, exceedingly important and we must have full military power to serve as a deterrent.

In making these comparisons here today, I would not have you think we are in favor of cutting our military funds in any way. But, we ought to get our policies in perspective. In the long run and in all probability, the social, economic, and moral fronts are the most important. So any retreat at this time on mutual security would be particularly disastrous. As I said a few moments ago, in view of what has been happening and what we see of the Soviet economic penetration, and the explanation of what they are doing through military and economic aid, people are often led to ask the question, Why do we not do even more than we are doing at the present time?

Mr. CARNAHAN. This next chart shows the effort of the Soviet Union in comparison to our own effort in telling our story throughout the world. In fiscal year 1956 the Soviets spent \$318 million on their information program, while we spent \$87 million. In this bloc, representing fiscal year 1957, the Soviets spent \$450 million, and we went up to \$113 million. In fiscal 1958 they zoomed up to \$600 million, and we backed down to \$95 million.

Here is an interesting line, the bloc countries, spent a hundred million dollars a year to jam an \$18 million Voice of America program. To me, that is certainly evidence that the Soviets must have had some notion that our own Voice of America approached a slight possibility of some effectiveness. Otherwise they would not have gone to such lengths to jam the program.

This shows the expansion in broadcasting. From 1948 the whole Soviet bloc group was broadcasting about 600 hours a week. In 1957 they were broadcasting 2,400 hours a week. The United States was broadcasting 750 hours a week. We have not given sufficient attention to telling our story.

Mr. MERROW. Many people ask questions about the United Nations system, which, of course, is a part of our effort to establish a peaceful world, and both political parties have supported the United Nations. It does not solve all of our problems, but it is the best international organization we have, and it has made substantial contributions. I think it is rather revealing to note that the total cost of the United Nations, including the U. N. itself and specialized agencies, the International Refugee Organization, the U. N. Emergency Force, and voluntary programs, have cost the world,

from 1946 through 1957, \$2,187,000,000. The United States has contributed \$1,057,000,000, of which \$755 million was for contributions to voluntary programs. So, on the assessment basis, we have paid \$302 million of the \$909 million.

I often say that I do not want people to think, because it has been my opportunity to be in the Congress for the past 16 years, that I treat a billion dollars lightly, although we approve billions in various bills quite frequently. But I do submit that in comparison to some of the other expenditures we have made in defense and in our aid programs that this \$1,057,000,000 from 1946 through 1957 to an international organization that has accomplished as much by way of helping unfortunate people and relieving tension throughout the world is small in comparison. We should vigorously support the United Nations system. Certainly if we should wake up tomorrow morning and did not have a United Nations, we would have to start forming another international organization immediately.

Mr. CARNAHAN. And, to break the figures down so that they may become a little more understandable, last year the United Nations cost the people of the United States, both voluntary and in assessments, about 48 cents per person. In other words, our dues for the year in the organization was 48 cents each. If we take out the voluntary part, take just the assessment part including the specialized agencies, where much of the work of the United Nations is done, the United Nations Emergency Force and the United Nations itself in New York, it has cost the people of the United States about 9½ cents each for the whole year, or it has cost almost a cup of coffee, not a full cup but almost a cup of coffee. I am sure there are a lot of people in this country who believe that we got our coffee's worth.

Mr. MERROW. Mr. Chairman, I would like to call to the attention of the members of the committee a report made by the International Cooperation Administration in reply to criticism of the foreign-aid program, because I do not want any of my colleagues to think that this program has been conducted without some mistakes. I will admit there have been errors. There have been mistakes in other programs. I think that this program or any program, whether national or international, should be subjected to constructive criticism. The Foreign Affairs Committee submitted a list of 88 criticisms to ICA. These were all investigated and replied to the Honorable James H. Smith, Jr., Director of ICA, pointed out in his statement to the committee that 48 out of the total of 88 criticisms were erroneous. These include such famous charges as the supplying of dress suits to Greek undertakers, ice boxes to the Eskimos, toothpaste tubes to Cambodia, and such things. Those have been made time and time again. In many cases only half of the facts have been presented. We ought to be fair about this program. It is unfortunate that the benefits of the program have not been explained as vigorously as some of the charges that

have been made. The ICA report submitted on March 14, points out that nine of the charges related to the activities which were carried on by agencies not connected with the mutual security program. Fifteen cases in which the facts reported were wrong and 21 cases in which more or less accurate facts have been misinterpreted. Of the remaining 40 cases, 28 involved questions of judgment. Finally there were 12 cases where misuse of funds was found, of which remedial action had already been taken in 6 cases and action is currently under way in the other 6 cases.

It is unfortunate that the program has been sloganized to such an extent that in the minds of many people it is the wrong type of program.

I maintain that when there is persistent fabrication or the presentation of a half-truth, that this becomes Operation Misinformation and Misrepresentation. As you can see on this chart certainly mutual security is the heart of American foreign policy.

The CHAIRMAN. The time of both gentlemen has again expired.

Mr. MORGAN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MERROW. In the first place it supports the United Nations through technical assistance, the Children's Fund, refugee programs and malaria eradication. Since nations with which we have bilateral programs are members of the U. N. this program strengthens our influence in that body.

Mr. CARNAHAN. Second, it strengthens American alliances through the North Atlantic Treaty—NATO—the Southeast Asia Treaty Organization—SEATO—the Rio Treaty, and our treaties with other countries. We have these treaties partially because we have had the foreign aid program, and our foreign aid program strengthens these alliances.

Mr. MERROW. It strengthens the United States defense effort where we have defense bases, particularly in the NATO area, Spain, Morocco, Turkey, and Korea. It strengthens our defense effort and it helps tremendously in our security around the world.

And it should be kept in mind, and this is developed in the hearings, that it costs \$3,515 for pay, housing, clothing, and subsistence for an American soldier abroad and another \$3,000 to send him overseas, as against \$1,440 for a French soldier or \$240 for a soldier in Turkey.

Mr. CARNAHAN. And it assists economic development. This is an important part of the foreign-aid program, in my opinion. It helps newly independent and underdeveloped nations. It extends technical know-how. It need not be an expensive program to encourage the peoples of the world in strengthening their position of independence. The thing they want from us throughout the world is a little understanding, a little friendly interest, and a little willingness to share the techniques that help to produce an abundant life. The program is helping people to help themselves.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. We have just a short statement remaining. May we finish?

Mr. O'KONSKI. You gentlemen have already had more than an hour.

Mr. CARNAHAN. As soon as we have concluded we will yield.

Mr. MERROW. It stimulates United States and world trade. It supports United States industrial and farm exports. It develops mutual trade and provides access to strategic materials.

I would like to say briefly that when we presented this program we found people extremely interested in all phases of foreign policy. Many of them in the audiences we addressed would say: "Well, we would like a copy of the charts so that we can better explain the mutual security program to others. We never realized before the many benefits derived from this program."

People also indicated by their questions only a minimum of hostility to the program. On various occasions people would come to us and say: "Well, we are convinced of the value of the program." On various occasions they would say: "Why don't you go back and talk about it in Washington to your colleagues?" We said we would be glad to do so. So this is the type of thing which we presented to the people of the country in these various meetings that we held.

As I have said on various occasions, I submit that in view of what we have gained from the program over the years, granting that there have been some mistakes, enough good has been derived so that whatever one wishes to call it, it is not a "handout," it is not a "give-away," and it is not the pouring of money down a rathole.

Mr. CARNAHAN. And if the program just must be called such names I think the accomplishments of the program will prove that it is the most effective giveaway, it is the most helpful handout, and it is the most productive rathole in human history.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I shall be glad to yield.

Mr. O'KONSKI. I want to thank the gentlemen for the wonderful discourse that they gave us and the explanation of the elaborate charts. The charts, of course, were prepared by one group of experts. You know there is an old adage which says that figures do not lie but a darned lot of liars figure. Figures can be used to prove anything. If I were to give another group of experts the same set of charts you used they could prove just the opposite conclusions from those you two distinguished gentlemen have drawn.

One of the things that is uppermost in the minds of many of the Members of Congress and many people in Wisconsin is who financed you? Who paid your expenses to go all over the country to sell this big international giveaway program? Who contributed? Who were the specific people who gave the money to the organizations that paid your expenses?

Those are the things that the Members of Congress and the people should

know before they evaluate the masterly and effective presentation you two distinguished gentlemen just completed.

The CHAIRMAN. The time of the gentlemen has expired.

Mr. CARNAHAN. In response to the question which the gentleman from Wisconsin has put to us, we are glad to answer. The trips we made were sponsored and arranged for by many organizations in the country: the American Association for the United Nations, League of Women Voters, junior chambers of commerce, different service clubs, the Organization of University Women, various church groups—there is a long list of them. The trips were arranged by these cooperating organizations. We only went into communities where we were invited to go. I believe that the American people have a right to invite anyone they want including Members of the Congress to explain the issues confronting our people. I have appreciated the opportunity of attempting to make this explanation. And, I might say to the gentleman, there are plenty who seem to be getting the other interpretation from the figures and making the other explanation, which is their privilege, and we might wonder who financed those operations. It would be interesting to know.

Mr. MERROW. The arrangements for the first two tours were made under the auspices of the American Association of the United Nations and cooperating local agencies, as an educational endeavor, as my colleague has said. And I would like to emphasize that the expense of the tours cost the taxpayers nothing. And in connection with the charts, I want to say a large number of these charts were based on our own suggestions and our own knowledge of the program.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I am very happy that an answer was obtained as to who paid the cost of the travel. And, I want to make it further clear that from my district in Milwaukee I had two inquiries as to who financed this trip. The gentleman from Wisconsin said that so many people in Milwaukee are inquiring why it was necessary to inform the public and the United States as to the validity and the necessity of this fine piece of international foreign policy. But, I would like to ask further, Has any of the money of the mutual security program paid for your bill?

Mr. CARNAHAN. No.

Mr. ZABLOCKI. I thank the gentleman.

Mr. VORYS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, after that brilliant presentation there is perhaps not much that need be said about the general aspects of this program.

I want, first of all, to pay my tribute to our acting chairman, the gentleman from Pennsylvania [Mr. MORGAN]. He has been fair and courteous, but forceful and efficient in our long deliberations in bringing this bill to the floor. I want

to pay tribute to our competent and hard-working staff, and to the presentation team led off by Secretary Dulles. They presented this matter, in my judgment, more ably this year than in any preceding year. I certainly want to comment my two colleagues who have just preceded me.

Mr. Chairman, this authorization of \$2.958 billions as it comes from the committee, is smaller than any mutual security type authorization in the past 10 years. If the mutual security program had been a perfect success, the amount might even be smaller. If it had been a complete failure, as some are saying, or if none of it had ever passed, as some of our colleagues have voted, I suspect we would have no foreign aid, no mutual security programs here this year; but instead we would be having, as General Twining said, giganticly increased appropriations for our own defense, or we might be in the middle of World War III, which so far has been deterred, or we might have complete peace as a Soviet slave satellite.

There has been criticism of this program, a lot of it legitimate and needed, and some other kinds. This year, for the first time, there has been a complete analysis and comment on criticisms. You will find at the committee desk a pamphlet answering 96 different criticisms.

I shall not take the time to go over these. You will find in a tabulation at the back of the pamphlet an analysis of the criticisms:

- Errors not corrected, none.
- Recognized problems, not fully solved, 6.
- Errors corrected, 6.
- Political, economic, or technical judgment where reasonable minds might differ, 29.
- Misinterpretation of facts, 24.
- Error in facts, 20.
- Not in the mutual security program, 8.
- Fiction, 3.

Mr. Chairman, I think this is a fair analysis of the criticisms.

There is tension all over the world now. We have had our Vice President attacked in a South American city. We have had a library burned in the Lebanon. We see all over the world tension and Communist-inspired hatred of the United States. This is not the kind of time when Americans back down in a cold war which we have been fighting for 10 years. We have gained much; we have far to go. We are not going to quit or ease up.

Mr. Chairman, this is a package bill, a policy bill. It authorizes the continuation of a number of foreign policies that cost money. They might be presented in a series of bills, as they were prior to 10 years ago when we adopted this package approach in the 80th Congress. The advantage of having them together in this way is that we can compare the various policies, one with the other. All of them involve, directly or indirectly, our security in the cold war. The disadvantage to this is that it takes a lot of time and thought to do this in one single debate.

Our brethren of the minority, in their report, state that they want a complete review of the program and policy. We had that last year; a complete review and reappraisal; 1 by our committee, 1 by the Senate committee that spent \$300,000 and had 11 teams of experts to make a reappraisal. The President, not satisfied with that, had his own reappraisal committee headed by Ben Fairless, on which John L. Lewis was a member, and the program before you today is the result of all those reviews and reappraisals which took place just this last year.

The minority offers no alternative program. At least I have not seen one yet. There is, however, an alternative that is proposed by some in this country and many in other countries abroad, a summit conference to relax our tensions and make us all happy and safe.

What do we mean by a summit conference? We do not mean a place, we mean a meeting of the chiefs of state at the summit of human power. The idea is that they will meet and chat and agree, and then everything is going to be just fine.

Let us see who belongs at a summit conference. Suppose our President were to say to the world, "I will meet with anybody, any time, who is a chief of state of a nation as powerful as the United States; commander in chief of the armed forces of his state; head of his political party; and assured of his job under a constitution for 2½ more years, if he lives."

If our President said that, he would go to the summit meeting alone, because no one on earth has such powers freely given him under a constitution by a free people.

Prime ministers who go there may fall before they get back or before they get there.

Khrushchev may be thrown out or liquidated at any time without notice—without notice, reason, hearing, or redress—as he disposed of others on his way up. But because of our great desire for peace, which I share, our President has not talked that way. We have been patient and humble, but firm. To appease some of our own people and kindred spirits in some other countries, we have been talking like medieval schoolmen, who talked about how many angels could dance on the point of a pin. We are now talking solemnly about how many leaders can dance on the point of a summit.

Mr. Chairman, I will admit that I cannot follow all of the correspondence that has been going on on this subject, but I want merely to say here two things: First, I do not want my President to go to any kind of summit meeting that is not substantially a ratification of satisfactory agreements already worked out. For a second thing, I want to say that I thank God for the common sense, the diplomatic skill, and the steadfastness of our Secretary of State, Foster Dulles, in this matter, even though some call it inflexibility.

Suppose, however, at a summit meeting or in some other way we agreed to ban the bombs—the A-bomb, the

H-bomb, the ICBM—with adequate safeguards, and did nothing else, while the cold war continued. Where would we be then? We would then have given up the weapons with which we might excel, and have entered into an uncontrolled arms race in old-fashioned massed divisions, a race that we would be bound to lose, for our enemies are more effective at conscription than we are. I have been worried about this for 12 years. In 1946 I took this up with Bernard Baruch when we made our first proposal in the U. N. on international control of the A-bomb.

Do not forget the Communists have 395 divisions and we have 14.

But, suppose that further disarmament of all organized conventional forces became complete, effective, and in force. I would approve of that and I am sure you would, too. But if the Soviets still held to their official open policy of world domination we would still face an ominous threat. Here are some things that Khrushchev has said:

We Bolsheviks are a ravenous people—we want more and more. We will beat the capitalists but that does not mean killing anybody.

He said:

The threat to the United States is not the ICBM but in the field of peaceful production. . . . The barrier of higher living standards is stormed not by ballistic missiles or atomic hydrogen bombs, but by our organization unity, our higher level of production, and by our creation of an abundance of material blessings.

These are things Khrushchev has said. They have not done it all yet, but Allen Dulles of the CIA reports that steel production in Russia in the last 3 months equaled that of the United States. This is an ominous sign of what may be involved in peaceful competition ahead.

So, even if we had disarmament, we would face a grim and deadly Communist threat—but we have no disarmament. We face the threat of atomic warfare with intercontinental missiles. But, the missiles are not ready yet here or over there. Gen. Curtis LeMay quoted another general, a few years back, saying, "We are coming to pushbutton warfare. At present we have the pushbutton."

We have progressed beyond that, but at present we have to prepare for all eventualities. This bill does that. We provide in this bill for \$288 million for modernization, missiles, and aircraft and \$40 million for mutual weapons development, and the rest of the military aid is for the kind of more conventional weapons that our allies need for the fights that may come not in the future but now or next year. Then the rest of the bill is available for the struggle on the economic front. You have heard graphically already today of this revolution in expectations of the backward people of the world who are no longer content to continue through the centuries in disease, illiteracy, misery, and poverty. This revolution was not Communist inspired, but the Communists are quick to take advantage of it. They are sending out 2,000 technicians to these countries. We have a program for technical aid,

but these countries need more than expert advice.

They need capital. The Soviets have invested \$1.5 billion in these countries, as you have heard, in the past 3 years. We want to make it possible for those countries to develop as friends and allies of ours. In any case, we want them as independent nations and not as Soviet satellites. So we have the Development-Loan Fund.

THE DEVELOPMENT LOAN FUND

For 10 years I have been trying to get more of our aid in the form of loans instead of grants. Last year the DLF was created and given an authorization of \$1,125,000,000. Congress appropriated \$300 million and \$625 million is requested this year. Last year the committee of conference on MSA extension agreed that—

The most effective arrangement for administering a long-range development loan program is a Government corporation with substantial capital, and officers and directors with powers and duties defined and limited by law * * * under the policy direction of the State Department.

This year's bill follows these recommendations and converts the DLF from an administrative agency, a drawer in the desk of some bureaucrat, into a wholly owned Government corporation with a managing director and a board of directors, tying together certain official positions. These positions and the present occupants are as follows: Douglas Dillon, Under Secretary of State for Economic Affairs, Chairman; James H. Smith, Jr., Director, ICA; Samuel C. Waugh, Chairman of the Board of the Export-Import Bank; Dempster McIntyre, Managing Director of DLF; Thomas Coughran, Assistant Secretary of the Treasury and United States Director of IBRD.

This is to be an active Board, not a paper Board. These men will tie together and coordinate the activities of their agencies, will prevent duplication or competition between DLF, the Export-Import Bank, IBRD, and private lending institutions.

DLF is subject to the Government Corporation Control Act—title 31 United States Code, sections 841 to 871. There are a number of other corporations under this act, such as the Commodity Credit Corporation, the Export-Import Bank, and the Federal Housing Administration.

Under this act, this corporation will prepare annually a business-type budget, which will be submitted to the Bureau of the Budget—section 847—and then transmitted to Congress by the President as part of his annual budget—section 848. Congress will review this budget and make appropriations for the Fund as authorized by law—section 849. There will be an audit of its transactions by the General Accounting Office—section 850. Congress will have a detailed report of its activities every 6 months, in the President's report on the mutual-security program.

Thus Congress will have all the control it wants over the operation of the fund, and can change, limit, or liquidate it any time, but I hope Congress will give it

enough capital and enough time to permit it to function. In this operation we need to get away from annual, country-by-country programs, and consider each project on a long-range basis: We do not want to encourage the rushing through of projects for fear the money or the time will run out. We want our officials, and the officials of other countries, to take time to make detailed studies and surveys for each project.

Each project must be considered as to its economic and technical soundness, contribution to development of the country, and possible adverse effects on the economy of the United States.

There must be a firm commitment to make repayment and reasonable prospects of such repayment, and there must be no competition with private capital, the Export-Import Bank or the International Bank.

It is said that incorporating this fund will put us permanently into the development loan business. Of course, this law is no more permanent than any other law, and can be changed or repealed at any session, but I think we ought to realize, and make clear to our own people, and our friends abroad, and our enemies, that our efforts to help backward countries to develop and stay free are going to last just as long, are going to be just as permanent, as the Soviet efforts to take over these countries by infiltration and penetration with technical assistance and credits. Remember, the Soviets have made loans and credits of \$1½ billion during the last 3 years to underdeveloped countries.

The specific amendments in the bill relating to the Development Loan Fund provisions are the following:

Subsection 202 (a), general authority: Subsection 202 (a) amends section 202 relating to general authority for the Development Loan Fund.

Paragraph (1) deletes the existing section 202 (a) and substitutes language by which the Development Loan Fund, presently administered by the International Cooperation Administration, is established as a Government corporation. The language is patterned on that used for other Government corporations. It provides that the Fund will be an agency of the United States Government and subject to supervision and direction by the President. Under authority such as that contained in section 521 of the act, the President could designate the Fund to perform other functions. The new language specifies that the Fund will have its principal office in the District of Columbia and the District will be its only residence for purposes of venue in civil actions. The Fund, however, may establish offices elsewhere as it deems necessary or appropriate.

Paragraph (2) amends section 202 (b) in several respects.

First, it makes two changes in the first sentence to substitute references to the new corporation for references to the President.

Second, it adds a fourth consideration in addition to the existing three which must be taken into account in making loans or guaranties under the Development Loan Fund. The three enumerated

considerations presently in the law are: (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title.

The fourth and new item added by the present bill is the possible adverse effects upon the economy of the United States with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. This language is added to insure that the Fund shall take into account any undue adverse impact on the United States economy of any proposed financing or guaranty transaction.

Third, it deletes the last two sentences of the section, which now require that a report on every financing transaction or operation involving assets of the fund be supplied to specified congressional committees at the time the particular transaction or operation is consummated, and substitutes language providing that each semiannual report on the mutual security program from the President to Congress, as required by section 534 of the act, shall include detailed information on activities of the Development Loan Fund.

Subsection 202 (b), fiscal provisions: Effects several technical amendments in section 204 of the act, which relates to fiscal provisions, in order to conform to the incorporation of the fund.

Paragraph (1) makes several changes in subsection (b). First, it substitutes a reference to the fund for a reference to the President in the first sentence and makes a second conforming amendment in that sentence. Second, for purposes of technical clarification, it substitutes "made available" for "authorized" in the second sentence. And finally, as a technical clarification, it inserts the phrase "assets of the" before "fund" in the last sentence of the section. The phrase "assets of the fund" as defined in the law, refers to any funds or currency available for the fund, including capitalization made available but not yet actually advanced to the fund, and other liquid assets of the fund. With the incorporation of the fund, administrative expenses of the fund will no longer be included in the appropriation requested under section 411 (b) of the act. Such expenses will be financed from assets of the fund pursuant to the authority in the last sentence of section 204 (b).

Paragraph (2) deletes subsection (c), which makes the fund subject to certain provisions of the Government Corporation Control Act, and substitutes language specifying that the fund is to be deemed a wholly owned Government corporation and is accordingly subject to the applicable provisions of that act.

Subsection 202 (c), management, powers, and authorities: Subsection 202 (c) contains a number of amendments to section 205 relating to powers and authorities.

Paragraph (1) inserts the word "management" in the heading of the section to reflect more fully the matters covered by the section.

Paragraph (2) deletes subsections (a) and (b), which deal with the present office of manager of the fund and with the loan committee, and substitutes two new subsections.

The new subsection (a) provides that there shall be a Board of Directors of the Fund, defines the membership of the Board, and specifies that the management of the Fund shall be vested in the Board. Under this language, the Board will have responsibility for the exercise of the authorities granted, delegated, assigned, or otherwise made available to the Fund, and may take such actions as it deems necessary or appropriate in carrying out this responsibility. It may, for example, issue rules and regulations relating to the operations of the Fund, employ personnel, attorneys and agents of the Fund, and delegate or assign any functions—including the foregoing functions—to officers and employees of the Fund. Under section 522 of the act, the Fund may obtain the services of other Government agencies in carrying out its functions. The Board is to carry out its functions subject to the foreign-policy guidance of the Secretary of State. The Board is to act by a majority vote participated in by a quorum, three members constituting a quorum. Subject to the foregoing, vacancies in the offices comprising the Board shall not affect the Board's capacity to act. An official occupying, in an acting capacity, any of the offices comprising the Board may serve as a member of the Board. Members of the Board may not, however, designate proxies or substitutes to serve, or act in their behalf, on the Board. The language provides that the Chairman shall call the Board to meet for purposes of organization. The Board may then adopt bylaws to govern the conduct of its business. The language specifies that the members of the Board are to serve without compensation, but may receive actual travel costs and per diem in lieu of subsistence while away from their homes or regular places of business for purposes of the business of the Fund.

The new subsection (b) inserted in section 205 provides that there shall be a Managing Director of the Fund who will be the chief executive officer of the Fund, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at a rate of \$20,000 per year. The language also provides for a Deputy Managing Director of the Fund and for three other officers of the Fund, whose titles shall be determined by the Board. It further provides that the Managing Director and the other officers of the Fund shall perform such functions as the Board may direct and be subject to direction and supervision by the Board. The language makes provision for other officers of the Fund to act as Managing Director in the absence or disability of the Managing Director or in the event that office is vacant. The offices pro-

vided for in this subsection are in addition to positions otherwise authorized by law.

Paragraph (3) effects a number of amendments in subsection (c) of section 205.

First, it amends the opening phrase of the first sentence of the subsection so as to provide that the authorities contained in the subsection shall be vested in the Fund. The language makes clear that the authorities set forth in subsection (c) are in addition to other authorities that may be vested in or otherwise made available to the Fund.

Second, it inserts in the first sentence of subsection (c) several new clauses which expressly provide to the Fund certain authorities normally made available to Government corporations: to adopt, alter, and use a corporate seal which shall be judicially noticed; to require, and to pay premiums on, bonds for the faithful performance of the duties of its officers, attorneys, agents and employees; to sue and be sued in its corporate name; to exercise the priority of the United States Government in the payment of debts out of bankrupt, insolvent, or decedent's estates; to purchase one passenger motor vehicle for use in the continental United States and from time to time to replace that vehicle or any replacement vehicle—such replacements to be in accordance with General Services Administration standards for vehicle replacement; and to use the United States mails in the same manner and under the same conditions as executive departments of the Government. The clause authorizing the Fund to sue and be sued in its corporate name constitutes consent by the Government to suits against or by the Development Loan Fund. This enables the Fund to be a party to such suits in its own name, and means that payments pursuant to judgments in such suits shall be made to or from the corporate account. In other respects the Fund, being an agency of the United States Government, is to be in the same position as the United States Government or any agency thereof with respect to its legal status and its status in litigation. It is, for example, to be entitled to procedural rights which are available to the United States Government as party to a suit—for example, inapplicability of laches and statutes of limitations, and exemption from certain filing and fee requirements—and is to be exempt from Federal, State, or local taxes. The incorporation of the Fund and the inclusion of the sue-and-be-sued language are not intended to alter the application of the principle of sovereign immunity in connection with suits outside the United States. The sue-and-be-sued clause includes a proviso expressly stating that no attachment, injunction, garnishment or similar process, mesne or final, shall issue against the Fund or against officers of the Fund in connection with actions taken in their capacity as officers, or against property or funds owned or held by the Fund or by any officer in that capacity. It should be noted that, in the case of certain types of claims, notably

tort claims and claims on patents, there are other specific provisions of law which govern the remedy available to claimants.

Finally, paragraph (3) inserts a new second sentence in subsection (c) specifying that nothing in that subsection is to exempt the Fund or its operations from the application of title 28, United States Code, section 507 (b) and 2679, and title 5, United States Code, section 316.

Paragraph (4) inserts two new subsections in section 205.

The new subsection (d) requires the Fund, in view of the fact that the Fund's employees are covered by the Civil Service Retirement Act and the Federal Employees' Compensation Act, to reimburse the civil service retirement and disability fund for the Government's share of benefits applicable to Fund employees, to reimburse the Employees' Compensation Fund for payments made to Fund employees, and to reimburse the Treasury for that portion of the cost of administration of these funds attributable to Fund employees. The language of this provision is identical with the standard provision provided for all Government corporations in a pending amendment to the Government Corporation Control Act—H. R. 8332.

In the new subsection (e), the first sentence transfers all assets of the Development Loan Fund on the effective date of its incorporation to the assets of the new corporate entity on that date. The second sentence provides for the transfer of records, personnel, and property from the International Cooperation Administration, which now administers the Fund, to the new corporate entity. The third sentence specifies that all obligations and liabilities incurred against the Fund prior to its date of incorporation and outstanding as of that date, and all rights acquired for the benefit of or with respect to the Fund prior to that date and outstanding as of that date, shall, as of that date, become obligations, liabilities, and rights of the new corporate entity. The last sentence provides that the person serving—pursuant to appointment and confirmation—as Manager of the Fund on the effective date of the Mutual Security Act of 1958 may, after that date, serve in the successor office of Managing Director of the incorporated Fund without necessity for reappointment and reconfirmation.

In 1954 when we revised the mutual security laws, there were some in Congress and in the executive branch who thought that we should put in a termination date. I opposed this, saying that there should be no termination date in our efforts until we know the termination date of the Soviet conspiracy against the free world. The Mutual Security Act of 1954 has no termination date. We should not attempt to write one this year. Remember, this Fund is to replace grants, not private loans. Let us not leave grants permanent, and make loans temporary.

Many people, remembering our experience after World War I, consider that Government aid loans are just the same as grants and will never be paid back.

The record since World War II shows they are wrong:

Total United States foreign loans since 1945 as of Dec. 31, 1957-----		\$16,020,000,000
Principal collected-----	4,824,000,000	
Interest collected-----	1,987,000,000	
Total-----	6,811,000,000	

The DLF, up to April 15, had approved only \$126,650,000 in loans, turned down \$228,966,000 in proposals, and had under consideration \$1,607,434,000 in applications.

There will be Members of Congress who will say that this cautious rate of commitment shows that no additional funds will be needed for next year. They are mistaken.

Last week the House extended the lending authority of the Export-Import Bank from \$5 to \$7 billion, showing its overwhelming confidence in the operation of this institution. In the report on that bill it was said:

The actual use of the borrowing authority always lags behind the commitment of lending authority. Typically there is a timelag between authorization of a loan and the actual disbursements under it. In the case of large development projects for example there may be a lag of as much as 4 or 5 years before complete disbursements are made.

On December 31, 1957, the lending authority committed was \$4,466.3 and the borrowing authority used was \$1,487.3 in the Export-Import Bank.

The borrowing authority must exist, however, before the commitment can be made. In its 24 years of operation, the Export-Import Bank has paid the United States Treasury \$376 million in interest and dividends and has accumulated reserves and undivided profits of \$475 million. I can remember when this bank was in the experimental stage. First it was a corporation, then there was a trial period of running this bank as an administrative agency 5 years ago, but experience showed that the corporate setup was the proper and effective one.

The DLF corporation structure closely parallels the Export-Import Bank. It has a different function. The president of the Export-Import Bank, Sam Waugh, is on the board to contribute from the experience of the older institution and to make sure the functions are kept separate. Perhaps it is too optimistic to hope for as profitable an operation of the DLF. Let us remember, however, that in years to come, as we become increasingly a have-not in strategic materials, we may find it increasingly profitable to be receiving payment of what we now call soft currency loans in strategic materials from production in new countries that our loans have helped to develop. We may well find that this mechanism, set up as an important weapon in the cold war, has not only served its purpose in this era, but is serving in times of peace, because experience tells us that we do our best business in peacetime with the more developed nations.

Aside from details, what is this all about? In the Middle Ages in Durham,

England, there was a man walking down the street and he saw some men working with stone near where the great cathedral was rising. He said to the first man, "What are you making?" And he said, "A penny a day." He said to the next man, "What are you making?" And he said, "I am making a stone to fit on that stone." He came to the third man and he said, "Old man, what are you making?" He said, "I am making a cathedral."

I suggest that a vote for this package of programs is making peace. There is a Peace Monument at the bottom of Capitol Hill. It is a statue of two ladies in drapes like nightdresses weeping on each other's shoulders. That is not my idea of peace. I believe peace is more dynamic than that. I believe that we want peace with justice under law and freedom, and we need to wage peace with the courage and skill we have devoted to war.

The struggle is essentially spiritual. We have had many religious wars, but up to now we have never had the godly people lined up on one side against the godless. We free people of conflicting faiths owe our allegiance to a power higher than man. We are lined up against those who recognize no allegiance except to a manmade state.

We will never have perfect peace, there will be perpetual warfare against the godless lawless elements at home and abroad, but I suggest that we may, under this program bring to pass the song of the angels long ago, "peace on earth for men of goodwill."

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. BALDWIN. I ask this time just to get a little information. Are any funds carried in this bill under defense support or military equipment for Yugoslavia or Poland?

Mr. VORYS. No. Of course, amounts for each country are classified. There is the possibility of obtaining funds for these countries under other provisions of this bill. My answer is accurate, however, as to military aid and defense support.

Mr. KEATING. Mr. Chairman, I desire to associate myself with the gentleman from Ohio [Mr. Vorys] in the tribute he has paid to our Secretary of State. All Americans owe a debt of gratitude, and sincere congratulations to the Secretary of State upon his return from the NATO conference. He has proved his point that an unprepared, hastily-conceived Summit Conference would be worse than none at all, and has gained the substantial agreement of his colleagues on this vital point.

For some time now, Mr. Dulles has been the object of unthinking, uninformed, and often savage attack for his stubborn adherence to the idea that any summit meeting must be preceded by careful preparations. I feel certain that many of those people who were carried away by their emotions to call for a conference at any price, are today thanking the Secretary of State for his patient counsel and his calm manner of opposing their proposals.

As a result of the NATO conference, there now appears to be virtual unanimity among the free world nations that there will be no meeting just for the sake of meeting. Rather, there is a determination—reflecting the long-held views of Mr. Dulles—that a meeting should only be held if there is a reasonable prospect of reaching agreement on vital issues. The final communique of the NATO council likewise agrees with the Dulles position that heads-of-state meetings are not the only way, nor necessarily the way, for settling international differences, and that if such conferences are held, they must be preceded by careful and complete preparatory talks.

That such a communique was forthcoming from Copenhagen can only be gaged as showing a remarkable job the Secretary of State has done. By expounding his position reasonably and with patience, he has won the day. He has scored a notable diplomatic victory for himself, the United States and the free world.

Perhaps now the carping critics of this architect of our foreign policy will give a little more thought before they aim their verbal blasts. Maybe now those who have been so anxious to find fault with the Secretary of State's diplomatic maneuverings will come to the realization he has been largely right all along. Such a realization is long overdue.

In the meantime, the climb to the summit will continue. But, thanks to Mr. Dulles' dogged firmness and unwillingness to go at it willy-nilly, it will be a sane and sound ascent. A conclave of heads-of-governments may yet be held, but it will not be at any price. It will not be a propaganda stage for the Russians to pop off on.

By alerting the world to the pitfalls of an ill-planned summit conference, and by holding firm for the tested usages of the normal channels of diplomacy, the Secretary of State has performed a magnificent service. The peace of the world and the status of the free world have been strengthened because of this.

In the light of all these developments, it is to be hoped those who have been so anxious to criticize the Secretary of State will take a new look, unfettered by emotion or preconceived notions. I am confident they will then agree that John Foster Dulles deserves a lot more praise and applause and a lot less abuse and criticism for the fine job he is doing.

We welcome the Secretary of State back. We commend him for a job well done. We wish him many more years of dedicated and able work in behalf of the peace of the world and the welfare of the United States.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. REUSS. Mr. Chairman, as the gentleman knows, I share representation with him for the great city of Milwaukee. Our friend and colleague, the gentleman from Wisconsin [Mr. O'Kon-

SKI], just mentioned the appearance up in Milwaukee this last winter of the gentleman from Missouri [Mr. CARNAHAN] and the gentleman from New Hampshire [Mr. MERROW], where they gave an explanation of the mutual-security program somewhat similar to what they gave us here today.

Would it surprise my colleague, the gentleman from Wisconsin [Mr. ZABLOCKI], if I were to tell him that never have I received any complaint or inquiry from any of my constituents as to who picked up the check for their appearance there, but I received literally dozens of communications from members of both the Junior Chamber of Commerce of Milwaukee and the AFL-CIO of Milwaukee expressing their appreciation for the time and trouble which the gentlemen went to in coming to Milwaukee and putting across an explanation of the mutual security program. All of my correspondents felt it was presented with evident sincerity, scholarship, and understanding.

Mr. ZABLOCKI. It does not surprise me at all. As a matter of fact, as I stated earlier, I received two individual pieces of correspondence. It was quite obvious to me that these two people were definitely opposed to the foreign aid bill, and did not want to become informed on the purposes, progress, and success of the mutual assistance program.

I am not one bit surprised that my colleague, who very ably represents the northern half of the greater metropolitan area of Milwaukee, has received nothing but commendation of the efforts of the gentlemen from Missouri and New Hampshire.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. O'KONSKI. I want to apologize for interrupting on the gentleman's time because the gentleman from Wisconsin always has a very worthwhile message to give.

Mr. ZABLOCKI. I thank the gentleman.

Mr. O'KONSKI. I just want this time to make an important correction.

Mr. ZABLOCKI. I am very happy to yield for a correction.

Mr. O'KONSKI. For the information of the gentleman from Wisconsin I can assure him that neither the AFL-CIO nor the Junior Chamber of Commerce paid the expenses of these two gentlemen when they were in Wisconsin. Any statement to the contrary is untrue and misleading. The question still remains who did and why?

Mr. HALEY. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HALEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 54]

Abbitt	Everett	Osmer
Addonizio	Fallon	Passman
Anderson,	Flood	Patman
Mont.	Fogarty	Philbin
Anfuso	Fountain	Powell
Ashley	Garmatz	Radwan
Auchincloss	Green, Pa.	Rains
Ayres	Gregory	Rhodes, Pa.
Bailey	Griffiths	Riley
Barden	Gross	Robeson, Va.
Bass, N. H.	Hale	Robison, N. Y.
Bass, Tenn.	Harris	Rodino
Baumhart	Healey	Saund
Blatnik	Hébert	Scott, N. C.
Bonner	Hillings	Scott, Pa.
Buckley	Hollifield	Sheehan
Burdick	Horan	Shuford
Byrd	Jackson	Smith, Miss.
Carrigg	James	Spence
Celler	Jenkins	Steed
Chelf	Kilburn	Teague, Tex.
Christopher	Kluczynski	Teller
Clark	Lennon	Thomson, Wyo.
Coad	McCarthy	Ullman
Cooley	McCulloch	Watts
Coudert	Machrowicz	Wharton
Cramer	Mack, Ill.	Whitener
Davis, Tenn.	Madden	Wier
Dent	Miller, N. Y.	Williams, Miss.
Dies	Moore	Willis
Dooley	Morris	Wilson, Ind.
Eberharter	Multer	Winstead
Engle	Norblad	Zelenko

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 12181, and finding itself without a quorum, he had directed the roll to be called, when 328 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ZABLOCKI] has 6 minutes remaining.

Mr. ZABLOCKI. Mr. Chairman, I join with the gentleman from Ohio [Mr. VORYS] in commending our acting chairman, Dr. MORGAN, on the expeditious handling, in an equitable and thorough manner, of the legislation before us in the hearings before our committee.

I also want to take this opportunity to express my sincere regret that our distinguished chairman, the gentleman from Illinois [Mr. GORDON] and the gentleman from Ohio [Mr. VORYS] have decided that this will be their last session in Congress. They are well known for their untiring leadership and support of the mutual security program, and of other constructive foreign policy undertakings. We shall miss them greatly. We shall miss not only their contributions to foreign policy legislation, but also to the many other legislative measures which are considered and acted upon by this body.

I wish, also, to commend the gentleman from Missouri [Mr. CARNAHAN] and the gentleman from New Hampshire, [Mr. MERROW], who made a fine presentation just a short time before the quorum call. I admit that it is very difficult to follow such an excellent presentation; there is very little that can be added to their excellent remarks. They have done a terrific job in making this legislation better understood not only in the Congress but, also, throughout the width and breadth of the country.

I also wish to express my appreciation to the staff for their assistance.

The Committee on Foreign Affairs spent many hours in hearings and study, and with the assistance of the staff, the diligent work of the committee members, I feel that this year we are presenting to the Congress one of the finest and best pieces of legislation in this regard that we can hope to justify, and justify in every particular. That is why, Mr. Chairman, I urge the approval of the mutual security bill before us.

I was sorry to find that the minority views took the position frequently adopted by persons who have been staunchly opposed to our foreign policy program. They have decided not to support the bill largely on the ground that certain shortcomings in the administration of the mutual security program rendered the program ineffective.

The actual administration of this program has not been perfect; no one will argue this point. When you deal with problems as complex and diverse as our foreign policy, mistakes are bound to be made. The fact remains, however, that efforts are constantly being exerted both in the Congress and by the executive branch to improve the administration of the mutual security program.

It gives me pleasure to advise my colleagues that even after the committee reported this legislation, our studies continued. As late as last week, the Subcommittee on the Far East looked into the alleged mess in Laos. Whether we like it or not, we must admit that everything is not in order in Laos; but we have suggested corrective measures, and were assured that steps have been taken, and further ones will be taken, to rectify the situations.

But to return to the point that I started to make: We must remember that the mutual security program has great validity of itself, and that its importance to our own Nation should be considered apart from any shortcomings in its administration. This does not mean that such shortcomings should be condoned; nothing of the sort.

The Committee on Foreign Affairs has worked continuously for greater efficiency and economy. I shall continue to do so, and so will many of the other supporters of this legislation. I believe, however, that in deciding the merits of this program we should squarely face the following 3 questions:

The first question is this, and I think it is very vital: Are the Communists' designs for world domination real? And, if so, do they affect the security of our own country?

If our reply to this question is in the negative then we can begin to save tremendous amounts of the taxpayers' money by severely curtailing or eliminating our forty-odd-billion-dollar-a-year expenditures for national defense. In addition we can cut out the \$2.4 billion recommended in the bill before us—that is, if communism is not a threat.

But who will maintain that communism is not a threat? If, therefore, we concede that the Communist threat is real, and that it does affect our own

security, then we must take the necessary steps to protect ourselves.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. MORGAN. Mr. Chairman, I yield the gentleman from Wisconsin 5 additional minutes.

Mr. ZABLOCKI. There is no doubt in my mind that the Communists have not abandoned their plans for world domination. They are trying to achieve that goal through subversion and through infiltration. More recently, they have emphasized what, in my opinion, constitutes a more dangerous policy embodied in a broad program of trade and economic cooperation with the underdeveloped areas of the world.

The Communists are making headway and the military power which backs all of their military programs continues to grow.

In view of these facts, it would be unwise on our part to cut corners on our security. We simply cannot afford to do that. In this regard we have ample evidence that our Nation derives a greater degree of security from the \$2 billion to \$3 billion expenditures on the mutual security program than we could obtain by spending that money to increase our defense budget.

It would be unwise, therefore, to abandon this program, and nobody advocates that we abandon it. We could not hope to save money in this manner. On the contrary, the abandonment of the mutual security program would probably cost us more in the long run, without providing the protection resulting from overseas bases and from the economic and the military strength of our allies.

But, let us return to the three questions. The second question is this: If the Communist threat is real, then is it better for our country to go it alone, to rely on our own defense, or to try to meet this threat together with other free nations?

The preponderance of the evidence again points to the conclusion that the mutual security program has a direct and vital bearing on our own security and survival.

Through this collective security undertaking, our defense against potential Communist aggression is strengthened by the resources, the production base, and the manpower of other free nations, not to mention, as I earlier stated, the numerous overseas bases which still remain the first line of defense against Communist military expansion.

The third question is this: Placing military consideration aside, are the other free nations important to our own economic progress and well being, or would be better off by abandoning our foreign trade and aid program?

In this regard I believe that it is necessary for me to repeat what has been so ably stated earlier by previous speakers. I need not remind the membership of this body that our Nation is not self-sufficient; that our dependence upon foreign sources for certain raw materials and other resources is expected to increase in the years to come. Those sources must continue to be open to us if we expect to advance in increasing

materially the welfare of our people, and in stimulating our national economic progress.

Some people have criticized the mutual security program as a failure. Now, who could be a better judge of whether our program is a failure than those Americans who are abroad in one capacity or another, who have an opportunity to observe the assistance program at first hand? The Chamber of Commerce of the United States in February of this year made a survey of the views of American businessmen in foreign countries on the operation of the foreign aid program. On page 936 of the hearings there is a report on the survey. This report presents opinions of American representatives of overseas branches or subsidiaries of United States-owned companies on such questions as the following: Is foreign aid effective? Can it be improved? Has it helped to stimulate private investment? How do foreign peoples view the program? How did they react on the Russian sputniks?

It is interesting to note that the response to the questionnaire was excellent. Some 300 replies were received from 65 countries in Europe, the Middle East, Africa, the Far East, Southeast Asia, and Latin America. Only 4 respondents, 2 from Europe and 2 from Latin America, felt that our foreign aid program should be eliminated. This is a very small percentage—4 out of 300.

Furthermore, we all know that the United States is one of the chief exporting nations of the world. Our export industries provide jobs to an estimated 4.5 million Americans. We need markets for those goods and services, and we need countries in the free world who are willing and able to purchase our exports. Our investment in economic aid and technical assistance to other friendly nations, which amounts to some \$600 million in the bill before us, constitutes a far-sighted and profitable investment in our own future prosperity.

Now these are the issues that we must keep in mind. These are the issues upon which we should decide to support, or to reject, the legislation before us. I believe that if we earnestly reflect upon these issues, we shall conclude that the bill must be approved in our national interest.

Some of the critics of the bill maintain that the authorization of new expenditures is not necessary because there are unexpended balances in the mutual security program, and complain that the Congress is losing control over the program. Let us take a closer look at these allegations.

The report submitted by the Committee on Foreign Affairs contains an analysis of the pipeline, and points up the existence of similar balances in all Government departments. Unexpended balances are not unique to the mutual security program. They are, however, necessary to the effective administration of the program. If one studies the figures in the President's budget for the next year, the only conclusion that can be drawn is that the mutual security program is in better financial shape than some other Government programs.

There was a time when it could be argued with reason that the program was overfunded. This is not the case today. At present, annual appropriations about equal current expenditures. But, in addition, we must remember that long-lead items have to be financed out of appropriated dollars. The long-lead items make the unexpended balances necessary, and these balances are not excessive.

The complaints about the loss of congressional control over the military assistance program particularly emphasizes no-year funds. There may be something to this criticism, and I personally believe that effective congressional control is necessary for the proper implementation of this and of any other program. Nevertheless, it remains a fact that it was the Congress that authorized no-year funds and finally appropriated funds last year to remain available for obligation through December 1958. Congress made this determination because many Members realized that one way to assure a more careful handling of the mutual security money was to take off some of the pressure to obligate or else—else lose the money.

It would seem to me that hasty obligations to beat a deadline can be much more wasteful and undesirable than slower and more carefully planned obligations—even though the latter may be permitted by Congress to continue over a period of time exceeding a single fiscal year.

If we lived in a nicely patterned world where every move was known and logically ordered, perhaps we could vote all of our assistance on the basis of specific projects, for given countries, with neat little time-schedules attached to them. Unfortunately, the conditions which our mutual security program has to face are not of this type. We are, in a sense, shooting at a moving target. Consequently, flexibility is an essential ingredient of an effective program. It is in the recognition of the fluid world situation that the majority is recommending a contingency fund and special assistance.

Some of the opponents of this legislation rely on the Comptroller General's reports to build a case against the program. Their observations leave the impression that laxity was—and is—rampant. Nowhere is there reference to corrective measures taken, often on the initiative of the executive branch itself. The Comptroller General reported to the committee that—

We have noted significant improvements in the actions taken by the Department of Defense with respect to the matters reported by this office.

Another committee of Congress commended the Department of Defense for the speed with which it instituted reforms in the program.

The supporters of this legislation are no less concerned about the elimination of waste and inefficiency. That is the reason the Foreign Affairs Committee started its hearings with testimony from the Comptroller General. I direct your attention to the following remarks in the majority report:

There are limits on the extent to which legislative action can bring about improvement in administrative judgment and procedure. The committee has, however, reduced the authorizations for certain phases of the mutual security program in the belief that a restriction on the funds available should lead to greater austerity in the types of assistance rendered to such countries and a limitation of expenditures to items of higher priority than has sometimes been the case in the past.

Mr. Chairman, I am aware of the fact that other arguments have been raised against the mutual security program. They do not destroy the validity of this program. They will be answered by other Members, and I do not wish to monopolize the floor by reviewing each of them in turn.

In the ultimate analysis, I believe that we must make our decision on the legislation before us simply by considering the vital bearing of the mutual security program upon the security and potential economic growth of our Nation. If we look upon it that way, I am confident that the bill will receive overwhelming approval.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield such time as he may require to the gentleman from Utah [Mr. Dawson].

Mr. DAWSON of Utah. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD with reference to an amendment a copy of which I have forwarded to each Member this morning, relating to the budgeting and reporting of counterpart funds.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. DAWSON of Utah. Mr. Chairman, this morning each Member of the House received a copy of an amendment I intend to offer at the proper time to the mutual security extension bill before us today. I want to take this opportunity to explain the purpose of my amendment in detail and to urge members to give it their support.

Mr. Chairman, there is not a Member of this House or of the other body who has not been damaged by repeated reports of the abuse by Members of Congress or its employees of the expenditure of counterpart funds. Publicity attendant upon a recent free-spending, free-wheeling tour of Europe by two employees of the other body resulted in their dismissal. This action, plus the secrecy which prevents even Members of Congress from examining counterpart fund expenditures, leaves a large segment of the public convinced that Members of Congress are wasting these United States-owned foreign currency funds.

It is time we corrected this situation. I am confident that if in the future we require our committees to budget and account for the expenditure of counterpart funds, the public would be convinced once and for all that they are not being misspent.

It is only proper that we treat counterpart funds just as we do any other public money. We surround ourselves and the executive and judicial branches of Government with restrictions to prevent the

waste of our taxpayers' dollars. We require the same justifications from the executive agencies in the expenditure of counterpart funds. It is indefensible for us to exempt ourselves from these requirements.

Our major duty as Members of the House is to decide how our people's money should be spent and by whom. This is our major assignment. Under the present procedures of spending counterpart funds, however, we are deprived of the opportunity of even trying to carry out this assignment. As Members of Congress, we have absolutely no opportunity to approve or disapprove of the amount of our people's money—as represented in counterpart funds—our own committees of Congress are spending. Any legislation that prevents us, and them, from knowing before hand how their money is to be spent is not right.

The amendment I am proposing will correct this situation. It simply provides that the expenditure of counterpart funds by congressional committees shall be treated as other committee expenditures. Counterpart funds will still be available for investigations. But if my amendment is approved, counterpart fund expenditures will be charged against committee appropriations previously approved by Congress. In other words, for every dollar's equivalent spent in counterpart funds by a committee, a dollar in the committee's regular appropriation will be returned to the Treasury. Since the House already has approved committee budgets for the current year, I have made my amendment applicable to the next and succeeding sessions of Congress.

This amendment would require all committees to anticipate their overall expenditures including the dollar equivalents of counterpart funds and justify that appropriation before Congress. We do not intend to appropriate counterpart funds directly. The entire amount justified would be made available to the committee in United States dollars. But as counterpart funds replaced these dollar appropriations, the dollars would be returned to the Treasury.

Certainly, this legislation should not operate to discourage the expenditure of counterpart funds for necessary congressional investigations overseas. These investigations more than pay for themselves in money saved. I am convinced that Congress would be perfectly willing to approve any justifiable increase in budget requests by these committees as a result of the new accounting methods my amendment would require.

If a committee of Congress can justify an increase in its budget of \$100,000 per year as a result of this new procedure, the House will, I am sure, authorize that increase. If the committee can use counterpart funds to meet a portion of its travel cost, it should certainly do so. But it should not—as is presently the case—justify an expenditure of \$100,000 and then supplement this budget with unregulated and unappropriated amounts of foreign currency.

This amendment has been carefully drawn. It is sound legislation. It should be adopted. Only by this means

will we convince the public that our failure to require disclosure of the use of counterpart funds, means we have some reason to keep their use hidden.

Mr. VORYS. Mr. Chairman, I yield 12 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I, too, would like to express my appreciation to the acting chairman of this committee, the gentleman from Pennsylvania [Mr. MORGAN]. In the conduct of the hearings, he was patient and yet expeditious. I thought he handled the committee extremely well. I want to commend him for it. I also want to join those who have spoken about our chairman, the gentleman from Illinois [Mr. GORDON], and one of the ranking minority Members, the gentleman from Ohio [Mr. VORYS]. Both of them have announced that they will not be in the House and, of course, will not be on the committee next year. Although from time to time we may have had differences of opinion upon legislation, they were always understanding and tolerant and have been real friends of mine. I say to both that they will be missed by me and by all the other members of the committee.

Mr. Chairman, many of those of us who oppose the mutual security bill of 1958 have expressed our opposition previously. We have done this in the course of debate on the floor and have also issued minority reports. Minority views have been prepared again this year and may be found in the report on the Mutual Security Act of 1958 beginning at page 109. I feel an obligation, which I am sure is shared by others in this House, to reexamine and restate our very real and sincere objections to this program.

Basically, I would say that my objection to our foreign-aid program is that it has not accomplished and is not now achieving the results which its proponents claim for it. If it were doing all that its enthusiastic supporters allege, there certainly would not be the complaint arising with respect to its policies and administration and, moreover, the beneficial results would be much more spectacular than they are.

Let us examine some of the specific objections to this proposal. In the first place, it is contended that this bill is overfunded—that is that there is more money available than is necessary or prudent. We dealt with that in our committee report on pages 109 and 110. I think this is so important that I here repeat what we said there:

The mutual security program is overfunded. It is estimated that as of June 30, 1958, there will be a total unexpended balance of \$5,194,922,000. To this the bill under consideration adds a new authorization of \$2,958,900,000. In addition, the appropriation request includes \$644,192,500 which was authorized last year. This will make a total dollar pipeline of \$8,798,014,500. There must also be added, however, a total of \$1,861,887,000 in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies. There must also be added the anticipated deposits during fiscal year 1959 of additional local currencies similar to those above of \$1,469,406,000. These sums when added together mean that there will be \$12,129,307,500 in the pipeline consisting of \$8,798,-

014,500 in dollars and \$3,331,293,000 in local currencies.

By way of comparison, the amount spent for the program in fiscal 1957 was approximately \$3.7 billion.

From the foregoing, it will be seen that there will be more money available, both in dollars and local currencies, for the coming fiscal year that is necessary. Even if expenditures continue at the present rate, such an amount could not be used. In this bill as in others in recent years, we have seen an increasing tendency to make broader, less specific authorizations. In other words, the authorizations are not broken down in detail by countries or even by regions, but are in the broadest terms possible. That—when taken together with the power of transferability already vested in the Executive by existing legislation—is a still further step in the direction of loss of congressional control over the funds and over the program. It must be pointed out also that last year the legislation authorized the military assistance funds on a no-year basis. This would have meant the funds would have remained available until expended. However, the appropriation bill did limit these funds to December 31, 1958—a wise step, in my opinion.

The bill this year does take a step in the right direction by requiring more careful planning of programs than has heretofore been the case. I think this improves the legislation.

Referring again to the loss of congressional control—this is a matter which has concerned many of us very deeply over the years. For the reasons just mentioned, and many others, the control and direction of this program have passed increasingly out of congressional hands and into the Executive. I feel that this is basically a responsibility of the Congress and that we should make every effort, if the program continues, to recapture basic control and direction of it.

Both the Comptroller General and the Government Operations Committee of the House have been critical of the lack of planning that exists in this program; of the administration of it, and of the lack of audit. These are factors which should give us the very greatest concern. A reading of the testimony will point out many deficiencies in this program—too many for me to detail here.

For example, however, we have established a Development Loan Fund which is admittedly designed to make soft loans abroad. These loans, over the objection of some of us, may be made to nations, corporations, or individuals in foreign lands. How can we justify this program when many of our own small-business men are unable to get loans to permit them to continue their own businesses here?

Another basic objection which I have had for sometime to this program is the fact that we do not distinguish sufficiently in passing out benefits under it between friends and those who occupy positions as neutrals or even less. We cannot expect to instill confidence in countries which are friendly to us—and there are many of them throughout the

world—unless we show that we appreciate their friendship and steadfastness. If we give dollars and equipment to countries who are neutral or openly opposed to us, we are saying in effect to nations throughout the world that they can participate just as fully if they remain neutral as if they take a forthright position on the side of freedom and the Western World. This very seriously weakens the whole program and many nations ask more or less openly why they should align themselves with the freedom-loving nations of the world when they can get just as much assistance from us and still remain openly friendly to the Communist bloc.

To the extent that this bill or any other effort encourages friendly relations between persons throughout the world, it is good. Basically, that is the means by which our problem of international living together can be solved—in this way we get to know and understand each other as individuals. Then those who live under harsh, dictatorial governments can appreciate the meaning of personal freedom and self-government.

We have said many times that we cannot win friends by dollars alone. Time after time this has been demonstrated to be true. To try to put it on that basis is to emphasize materialism—the very thing upon which the Communists place so much stress.

We must not continue on the assumption that the giving of American dollars or American goods is necessarily the way to win friends among the nations of the world. We must rather stress the ideals which have made and preserved this Nation of ours. We must—in all humility—bring education, guidance, and leadership to those countries in which they would be welcome. We must try to teach men everywhere to govern themselves wisely and to protect the rights of individuals. We must bring into our relationships with other nations our belief in God, our dedication to the rights and dignity of the individual, and the conviction that government exists for men and not men for government. When we place the greatest emphasis upon those things rather than upon the monetary and material aspects of the foreign aid program, then I am sure we will have one around which all men can rally.

Since the present measure does not meet these basic requirements, I must oppose it.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. ADAIR] has expired.

Mr. VORYS. Mr. Chairman, I yield an additional minute to the gentleman from Indiana [Mr. ADAIR] that he may answer a question.

Mr. BEAMER. Mr. Chairman, if the gentleman will yield, I want to compliment my colleague from the Fourth District of Indiana for his forthright statement. I think he has expressed the opinion and sentiment of a great many who if they had the courage to do so, and it takes courage, would say we are not going to support some of the provisions of the bill.

I wish to ask the gentleman this one question. I have been here only 8 years,

but each time this program has come up for discussion on the floor of the House the question has been raised if this was the last time we would have to appropriate money for this program; and I am asking the gentleman now if he thinks this will be the last time we will have this program before us? How long does the gentleman think it will continue?

Mr. ADAIR. It has been made very clear by executive department witnesses before the committee that so far as can be seen this is a permanent program. We will be asked to appropriate money year after year for the foreseeable future.

Mr. BEAMER. May I ask one final question? I want to commend the gentleman and I want to ask him if he does not think it would probably be wiser if we did something to help American industry, small business, and the people whose unemployment compensation has expired than to send so much money overseas?

Mr. ADAIR. I certainly agree with the gentleman.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentlewoman from New York [Mrs. KELLY].

(Mrs. KELLY of New York asked and was given permission to revise and extend her remarks.)

Mrs. KELLY of New York. Mr. Chairman, I, too, want to join my colleagues in taking a few moments of my time to refer briefly to several members of the Foreign Affairs Committee. I am very happy, as all of you are, to have our chairman, the gentleman from Illinois, back with us. I regret deeply that he has decided to return to private life. I do hope, however, he will have many years of happiness.

And, being nonpartisan in these matters, I would like to make the same observation to the gentleman from Ohio [Mr. VORYS], who has contributed so much to the work of the Foreign Affairs Committee, even though many times I have disagreed with him. I know we regret that he is leaving the House.

I could go on with more tributes to members of the Foreign Affairs Committee, but there is one in particular I would wish to mention, and that is the gentleman from California [Mr. SAUND]. I feel that he, in his trip to the Far East this year, has done more for the understanding of this program than any other person. I would like to call the attention of the membership to the fact that Life magazine has one complete issue devoted to this trip he took last fall. I regret very much that I was not able to be present in New York when he received the Lord & Taylor award for his work.

Mr. Chairman, I am sure we will never legislate a perfect bill. The bill before the House today is no exception. There is much in this bill to which I take exception. However, in weighing the imperfections against the good in this bill I feel that I must support the bill for the reason that it is to the credit side and is for the common weal. I intend, however, to support any amendments I feel will enhance the basic policy in this legislation; but, on the other hand, I will not

support amendments to cut the authorization to a figure which I feel will be detrimental to the implementation of the United States foreign policy, which is the purpose of this legislation.

Under the guidance of our very able acting chairman, the gentleman from Pennsylvania [Mr. MORGAN]—and I do want to say at this point that it is most difficult to be an acting chairman, but Mr. MORGAN, and I should say Dr. MORGAN at this point, was most kind, most helpful not only in his consideration of all the members of the committee but also in particular to the viewpoints of the chairman. I feel that in cutting this bill \$339 million we, in the terms of his profession, Doctor, did enough surgery. Therefore, I will not support any cutting amendments.

This bill, to me, is diplomatically sound and economically sound. Our responsibility as a nation is in proportion to our power. The United States is the economic giant of the free world. We have power to help or to hurt the free world.

The situation today is the most critical in history. We have in the past supported international cooperation. Upon this principle, Mr. Chairman, the United States rebuilt the economic strength for the recovery of a broken world after the last World War. We know that future peace and hopes for our very survival are dependent upon international cooperation. It is up to the United States to exert leadership.

Last fall the Communists' scientific mastery over Nature was exposed. It shattered the leadership of the United States. This was almost the final blow to the inconsistent operation of the United States foreign policy of the last few years. It is now up to the United States to rise to this new challenge, to face the reality of the new era, and not to cling to the comfortable image of the past. In this era of unprecedented change, the United States must lead the free world in accepting this challenge we face with courage, with strength, with faith, and with hope. We must prevent the nations of the free world from sliding into dangerous complacency. The advocates and the opponents of this bill must resolve what will serve the common good. We, the representatives of the United States, must make that decision at the end of this argument on this bill.

Now, Mr. Chairman, I want to address myself for a few moments to several features in H. R. 12181. Section 102 of the bill adds new language which is intended to stimulate cooperative efforts among the NATO members in the production and procurement of military equipment. You know, the North Atlantic Treaty Organization is the backbone of western alliance. The 15-nation pact represents the western defense against Soviet aggression.

Section 102 of the bill, initiated by the committee, adds new language to section 105 of the act and is intended to stimulate cooperative efforts among the NATO members in the production and procurement of military equipment. During the course of the hearings the committee heard testimony concerning a highly classified military procurement

and production program which in the opinion of the witnesses and of the committee is of utmost urgency. At present this procurement program is being carried out by the individual members of NATO. Although there is cooperation among the various nations, the actual production and procurement are not controlled and coordinated from a single point. This program should be given an even higher priority and should be handled in such a way that the procurement and production are coordinated by the authority of the North Atlantic Council (or by a special agency thereof) rather than by the individual countries and the individual manufacturers. In this way it is hoped that the production will be made more economical and that the end product will be distributed in accordance with the highest priority military needs.

There was also testimony concerning proposed regional management for spare parts in Europe through the medium of a combined agency. The establishment of such an agency would result in the more efficient and economical production and distribution of spare parts.

Encouragement should be given to the NATO countries to purchase for themselves, subject to appropriate coordination by NATO, weapons and equipment produced outside the United States in accordance with NATO plans.

There is no disagreement that the NATO alliance has been notably successful. It has enabled us to stem the Communist tide that was sweeping westward through Europe in the early post-war days. This tide has to some extent been reversed, because it is evident that NATO and the assistance which the United States has provided to Europe under the mutual-security program have exercised a profound psychological influence throughout all of Europe. Signs of strain in Eastern Europe can be attributed, at least in part, to this influence.

The funds requested for fiscal year 1959 for Western Europe are essentially for a military and defense support program. Of the approximately \$281 million proposed for Europe, \$251 million is related directly to defense; that is, \$206.5 million for military assistance and \$44.5 million for defense support.

In comparison, the European NATO countries devoted to defense in 1957 an estimated \$13 billion. In addition the European countries have provided the bulk of the manpower for NATO forces, have contributed valuable bases, airfields, depots, and other installations. It is important to remember that military sales of equipment to NATO countries in fiscal year 1957 were approximately \$300,700,000. Military aid to some European countries is now programed on a sales basis, except for advanced weapons requirements. This shift from grant aid to military sales is a factor in the reduced fiscal year 1959 request for conventional material.

Past military assistance programs placed a great emphasis for providing the NATO countries with conventional equipment for defense purposes. Nevertheless, continuing assistance of this type is to some of our allies still required.

In order to fully appreciate and properly evaluate the effectiveness of the military-assistance program as a deterrent to Soviet aggression, we must take into account recent developments in our strategic planning and foreign policy. As a result of an increase in Soviet military power and striking evidence of Soviet technological progress, our country was concerned over the maintenance and modernization of our own and NATO's defense in view of the Soviet threat to the United States and the free world.

While we all recognize the need for a strong defense, many of us are properly concerned over the mounting costs involved and the vast effort in research and development which is necessary in this age of missiles and nuclear weapons. The answer to this problem has been solved by determining that it is necessary to pool the resources of the free world in a more rational division of effort between allies, which would result in the elimination of waste and duplication.

The NATO heads of government at their meeting in Paris last December considered the problem of meeting the increasing costs of defense without seriously reducing the military strength of NATO. It was determined to strive for as high a degree of standardization and integration as possible, to take additional measures to promote the coordination of research, development, and manufacture of modern weapons, and to increase the effectiveness of national efforts through the pooling of scientific facilities and information and the sharing of tasks. The accomplishments that have resulted from this agreement are: First, NATO deployment of IRBM's; second, establishment of NATO atomic stockpile system; third, closer coordination of NATO forces; fourth, increased scientific and technical cooperation; fifth, revision of NATO forces requirements; and sixth, coordinated production of advanced weapons. The agreement concluded with the United Kingdom to deploy the much needed intermediate range ballistic missile to European nations, as the first increment, will measurably increase the capability for immediate retaliation. These efforts on the part of our allies should in the long run measurably decrease NATO's reliance on the United States.

Modernization of allied air forces through the mutual-security program was begun last year. Sufficient advances have been made in certain NATO countries in the production of a NATO lightweight ground-support fighter plane. Aircraft, like missiles, will be allocated to countries with the highest priorities upon the military advice of the Supreme Allied Commander in Europe, and the recommendation of the Joint Chiefs of Staff. The new language added to the present bill is intended to stimulate cooperative efforts among the NATO members in the production and procurement of military equipment.

Only two NATO countries—Greece and Turkey—are receiving defense support. Without such assistance these countries could not maintain the military strength made necessary by virtue

of their geographical position and economic condition.

I have attempted to show that our military-aid program for the European area is a worthwhile investment since it is consistent with our United States policy that the defense of Western Europe is inherent in the defense of the United States.

Section 518 to me is most important. It calls for a review of this legislation and its impact upon the United States economy and, I hope, will include the impact on the nations to whom we are giving aid. I had a similar amendment along this line, but I withdrew it when the committee adopted this new language. My amendment called for a review of all aspects of United States foreign policies upon the recipient country and upon United States economy. We in Foreign Affairs Committee will conduct such a review.

Despite the clear evidence that the mutual-security program provides employment for a large number of American citizens and provides business for American concerns and for the American farmer, the committee is aware that there may be a possibility of adverse economic impact on specific segments of American industry. Consequently, the committee inserted the new section 518 which calls for an annual review of operations under the Development Loan Fund and under defense support to determine their impact on the United States economy, with particular reference to areas of labor surplus. This annual review is to be accomplished by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The committee is to report its findings to the President and to the Congress. This provision will insure a thorough review once a year of the economic impact of the Development Loan Fund and defense support on the American economy and should help to insure that any adverse impact will be rectified.

I firmly believe, Mr. Chairman, that we need to centralize and harmonize the impact of all the United States financial policy of foreign assistance or not only the economy of the United States but upon the recipient countries.

There is another section, section 517, which I would like to speak about. This calls for new procedures as to the obligation of the mutual security funds. It delays the obligation of these funds until adequate planning has taken place.

Now, for a moment, Mr. Chairman, in my remaining time I would like to discuss the minority report. There is much in this minority report to which I agree. However, I do not agree with the conclusions. I do not believe that the United States desires to purchase friends. I feel that we desire to rekindle the hopes and determinations of the peoples of the free world to remain free and to become free and independent.

Page 110 of the report reads:

Much of the equipment furnished under the military assistance program—which incidentally, is frequently obsolete and obsolescent—is by the executive branch's own admission used in countries in which there

are no United States bases and in countries having no relation to the base complex. This equipment would have no effect against major Soviet aggression. In many instances the forces supported have no relation to our retaliatory forces or to our ability to withstand Soviet assault.

I do not want nations of the world dependent upon retaliation. I want them strong—to defend themselves from aggression and subversion. To cut the assistance to these nations would make them dependent on United States retaliation.

The report states that Congress has lost control over the foreign aid program. The foreign aid program was weakened and Congress lost insight into its operations when—under this administration—responsibility for the program was divided between the Defense Department and the State Department.

The basic law could be amended to give this dual responsibility to one person as it was under the previous administration.

The CHAIRMAN. The time of the gentlewoman from New York [Mrs. KELLY] has expired.

Mr. MORGAN. Mr. Chairman, I yield the gentlewoman 2 additional minutes.

Mr. HOFFMAN. I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-three Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 55]

Addonizio	Dixon	Moore
Albert	Dooley	Morris
Anderson,	Eberharter	Norblad
Mont.	Everett	Norrell
Anfuso	Evins	Powell
Ashley	Fountain	Radwan
Auchincloss	Gordon	Rains
Ayres	Green, Oreg.	Reece, Tenn.
Barden	Green, Pa.	Rhodes, Pa.
Barrett	Gregory	Robison, N. Y.
Bass, N. H.	Gross	Roosevelt
Bass, Tenn.	Gubser	Scott, N. C.
Baumhart	Hale	Sheehan
Blatnik	Harris	Sheppard
Bonner	Harvey	Shuford
Buckley	Hébert	Smith, Miss.
Burdick	Hillings	Steed
Byrd	Horan	Taylor
Carrigg	Jackson	Teague, Tex.
Celler	James	Teller
Chelf	Jenkins	Thomson, Wyo.
Christopher	Kearns	Ullman
Clark	Kilburn	Vinson
Clevenger	Kluczynski	Watts
Coad	Lennon	Wharton
Cooley	McCarthy	Whitener
Coudert	McCulloch	Wier
Cramer	Machrowicz	Williams, Miss.
Davis, Tenn.	Mack, Ill.	Willis
Dawson, Ill.	Madden	Wilson, Ind.
Dent	Magnuson	Winstead
Dies	Miller, N. Y.	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 12181 and finding itself without a quorum, he had directed the roll to be called, when 329 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. FEIGHAN].

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, in the foreign-aid bill which is now before us, there is a provision which would allow the continuation of military and economic aid to the Communist regime of Yugoslavia. This is an issue which disturbs many Members of Congress. On the one hand we are compelled to spend billions of dollars for an adequate national defense, along with additional billions of dollars for an adequate national defense, along with additional billions of dollars in foreign aid, all because of the threat to our survival caused by the conspiracy of communism. On the other hand, Congress now finds itself in the contradictory position of being asked to authorize public funds for the strengthening of Tito and his Communist regime in Yugoslavia.

Of late, the Communist Russian and Yugoslav Embassies here in Washington have made brazen attempts to directly propagandize Members of Congress. Last week the Russian Embassy sent directly to Members of Congress, not through the President or the Secretary of State as protocol and long-standing precedent require, a propaganda message expressing the Communist views on how world tensions should be reduced. Clearly this is an official Communist effort to go over the heads of the President and the Secretary of State who are responsible for making arrangements for any conference with the Russians and the agenda for such a conference. The implication is that the present Russian Ambassador intends to try out a new bag of propaganda tricks on the Congress in an effort to cause division and exploit political conflict on the American scene.

The Washington Embassy of Communist Yugoslavia has now joined in this propaganda effort directed at Congress. Only yesterday I received at my home a stack of Communist propaganda material from the Yugoslav information center. Among this material was a speech of the Dictator Tito in which he blamed the United States for world tensions, condemned NATO, charged the United States with military encirclement of the Soviet Union and its Communist satellites, accused the United States of intervention in the internal affairs of Indonesia, and generally parroted the Moscow line on all other basic problems of the day. I assume that all Members of Congress received this propaganda handout.

Tito, in this speech to which I refer, announced no further assistance was needed from the United States. It will be recalled that originally assistance was extended to Communist Yugoslavia because of the military threat posed against it by the Soviet Union. That has always been the justification offered by the Department of State for giving help to Tito. Now, Tito himself tells us he no longer needs our assistance, when he made this statement in his

speech, a copy of which the Yugoslav Information Center sent to my home:

However, after our visits to the Soviet Union in the summer and at the end of September 1956, and under the influence of strong propaganda on the part of the reactionary papers in the West, President Eisenhower cancelled the further delivery of planes and other heavy armament to Yugoslavia while the delivery of spare parts and similar equipment continued. This did not affect us much, because already at that time we had estimated that there was no danger of an aggression threatening Yugoslavia and that there would follow a period of improved relations with the Soviet Union and the other peoples' democracies after the visit of the Soviet delegation to Beograd and the adoption of the Beograd Declaration.

Since its beginning in 1948 I have been a strong supporter of the foreign-aid program. I did so because of my conviction that we serve our own best interests when we assist free and friendly governments to become strong enough to resist internal Communist subversion and militarily prepared to stand up to armed Communist aggression. In the spirit of seeking to preserve a foreign-aid program which would further these original purposes I have engaged in extensive research on the question of where Tito and his regime stand in relation to the international Communist conspiracy which is headed by the Russian imperialists. In this work I have had the assistance of other Americans who have made first-hand studies of Titoism and have personally observed the present Yugoslav scene. Linguists have assisted in the translation of numerous documents and speeches from Russian and Yugoslav into English. The results of this study will be of interest to other Members of Congress because I believe it represents an appeal to reason.

Since this issue will be before the House tomorrow I hope the Members will have the time to read it before a vote is taken on the issue of further aid to Tito's Communist regime.

WHAT IS TITO'S POLICY?

The seventh congress of the Communist Party of Yugoslavia—which opened on April 22 in Ljubljana—and the speeches delivered by Tito, Rankovic, and Kardelj have been seized upon by Tito's friends in the free world to launch another violent campaign in his favor. If we are to believe the reports and interpretations of the proceedings at the seventh Yugoslav Communist Congress and its repercussions in the free world, the relations between Communist Yugoslavia and the Soviet Union have reached the breaking point and the present situation closely resembles the situation on the eve of the famous Stalin-Tito break of June 28, 1948.

It is claimed by some people that this new situation is not only the result of some theoretical differences which could not be corrected in the course of several years of Russian-Yugoslav rapprochement, but of fundamental differences in the policies of the Soviet Union and its satellites on the one hand and Communist Yugoslavia on the other. It is also claimed that these differences are so deep seated that they are actually un-

bridgeable. We are told we may expect some new temporary arrangements of a diplomatic and tactical character, but the Communist monolithism, once broken when Tito clashed with Stalin, cannot be restored. The conclusion is then reached that the latent, fundamental dissension is here to stay and to influence the future course of relations between Yugoslavia and the Soviet Union and other Communist countries.

It is, therefore, very important to examine whether the interpretative reports from Ljubljana, Yugoslavia, are true. For, if 10 years after the conflict and 5 years of reconciliation, the roots of the conflict have not been removed, then it is logical to suppose that Tito will necessarily be driven to a more conciliatory attitude toward the free world and that he, at this moment and in the future, deserves our help.

If, however, that is not the case, then the seventh congress of Yugoslav Communists is carrying an entirely different message, the message of complete solidarity with Moscow and of fundamental and unchangeable hostility to the free world. And that message is particularly dangerous in view of the fact that it is presented in a form perfectly intelligible to all Communists throughout the world, but apparently too subtle for some of the western leaders to understand.

Obviously these two interpretations are so utterly opposed to each other that the question of which is correct can be answered only on the basis of Tito's political record of the last few years. Here are the facts:

First. The reconciliation between Moscow and Tito in May-June 1955 during Khrushchev's and Bulganin's visit to Tito took place only after Tito did a unique service to the cause of Communist imperialism by carrying to Asia the message of different, independent, and national communism in 1952-53 and 1954-55. In the course of that campaign Tito openly and repeatedly whitewashed the new Russian leaders, Khrushchev and Bulganin, from all Stalinist crimes and proclaimed them different, well-meaning, peace-loving coexistentialists. It was only after that and on the ground of such services rendered to Communist imperialism, that the Russian leaders came to Belgrade to apologize to Tito and to acknowledge Communist Yugoslavia's right to a separate road to socialism.

Second. During the visit of State Secretary Dulles to Yugoslavia in November 1955, Tito took a stand on the question of Moscow's European satellites diametrically opposed to the United States stand. Our position was that they deserved complete freedom from Moscow's domination. His position was identical with Moscow's stand: that the satellites were already free and independent under communism.

Third. At the 20th Congress of the Communist Party of the Soviet Union in February 1956, Khrushchev not only pronounced his violent denunciation of Stalin, but also enunciated three important new points of doctrine: (a) That war between Communist and capitalist countries was not inevitable; (b) that the

downfall of capitalism and the victory of socialism were not necessarily to be achieved through violence; (c) that various roads and forms of transition to socialism were to be generally recognized for all countries. The important point for our analysis is that those three sensational innovations were neither invented by Moscow alone, nor imposed by Tito, but a result of common Russian-Yugoslav efforts and theoretical work achieved through a number of contributions, such as by Bebler, 1949; Seleznev, 1951; Piyade, 1952; Stalin, 1952; and Molotov, 1956; to name only a few.

Fourth. In June 1956 Tito visited the Soviet Union and sealed his reconciliation with Moscow with new, unequivocal and most emphatic expressions of communist solidarity. He said that the Yugoslav Communists had never failed in their international communist duties and obligations, he called the Russian Communists brothers-in-arms and he declared that communist Yugoslavia and the Soviet Union would march shoulder to shoulder in time of war as in time of peace toward the same goal, the goal of the victory of socialism.

Fifth. On his way back to Yugoslavia, Tito stopped in Bucharest and in an interview with Western newspapermen declared that it was improper to use the term "satellite" when referring to Moscow's colonies in central Europe since the Rumanians were self-governing people.

Sixth. In September and October 1956 Khrushchev and Tito, after a series of airplane flights from the Soviet Union to Yugoslavia and from Yugoslavia to the Crimea and consultations with a great many European Communists agreed upon a common plan for the promotion of independent communism. The plan was tried first in Poland, with temporary success, since Gomulka, a ruthless, veteran Communist, was posed as a Polish nationalist and champion of Polish independence. In Hungary the experiment failed, since both Khrushchev and Tito heavily miscalculated with Gero and Kadar, neither of these men could be built into nationalists or Titos because of the open contempt which the Hungarian people had for them.

Seventh. Khrushchev intervened with the brutal use of Russian military might to put down the Hungarian Freedom Revolution. At that time, Tito spoke of Stalinist mistakes, praised Khrushchev as an anti-Stalinist and justified the Russian intervention, which had, as he said, "saved Hungary for socialism." As for Kadar, Tito said that he was "that which is most honest in Hungary." Everyone knows that Kadar is one of the most detested Russian stooges in Hungary.

Eighth. In January 1957, after Khrushchev had twice in the course of 2 weeks hailed Stalin as a model Communist, a delegation of Yugoslav Communists visited Poland and praised the two Russian-Yugoslav declarations—Belgrade, 1955, and Moscow, 1956—as important and basic and condemned Western imperialists for what they claimed were attempts to sow dissen-

sion in the ranks of the International workers' movement and disrupt it.

Ninth. In February the Yugoslav press joined Marshal Zhukov and the Russian press in the denunciation of President Eisenhower's Middle East doctrine as what they considered an expression of imperialist and colonial concepts and at the same time ridiculed any talk of a danger of Communist aggression in that area.

Tenth. At approximately the same time Tito and Khrushchev executed a strategic maneuver of the joint Russian-Yugoslav agreement. Yugoslavia inquired in Washington whether the United States was going to supply them with more jet planes or not. Then Moscow started criticizing some very subtle point of Yugoslavia's allegedly national communism to show that Russian-Yugoslav relations were strained. Then the Yugoslav Ambassador in Moscow brought Tito a personal message from Khrushchev suggesting that it would be better to discontinue all open polemics and settle all questions amicably within the Communist hierarchy. The prearranged message was received with great enthusiasm by Tito. After that, Tito's friends in the free world, particularly in Washington, could argue that it was obviously necessary to give jets to Tito to prevent his reconciliation with Khrushchev. Other Western supporters of Tito frantically called for help to Tito, claiming that the Russian-Yugoslav relations were as strained as in 1948 and the West should help Tito maintain his independence.

Eleventh. The Yugoslav press unanimously denounced as imperialistic, America's membership in the military committee of the Baghdad Pact, in March 1957.

Twelfth. After realizing that his hopes of visiting the United States as a guest of the United States Government were finally shattered by the public outcry against it in the United States, Tito declared that Yugoslavia could not possibly pursue a "unilateral policy." He then proclaimed, "We must have good relations with the eastern countries regardless of some minor differences of ideological character."

Thirteenth. A few after Khrushchev had prophesied that our grandchildren would live in a Socialist United States, Tito declared that he had come "to the deep conviction that any sharpening of issues between Yugoslavia and the Soviet Union was completely senseless. It is impossible not to have good relations with those countries which are closest to us." He accused some people and newspapers in the West of attempting to put Yugoslavia on bad terms with the Soviet Union. Tito set the record straight again in the following statement:

But we have no reason to have bad relations with them. . . . We are bound by the same goal; socialism. . . . Therefore, when they achieve successes, we should rejoice, as well as they should rejoice when we progress. Consequently, there is no reason for any conflict.

Fourteenth. To some visitors from Germany—end of June 1957—Tito said about Stalin that he was "crafty and dangerous, but a great man."

Fifteenth. In August 1957; after Tito had allegedly in his CBS TV interview—June 30, 1957—sided with Red China and taken exception to some statements of Khrushchev, the Soviet Union granted Tito \$250 million in credit to be used for the construction of an aluminum factory, a hydroelectric plant and a fertilizer factory. At the same time Tito took sterner measures against Western newspapermen accused of slanting their news from Yugoslavia against what he called Socialist democratic order.

Sixteenth. On August 3, Tito met with Khrushchev in Rumania and concluded an agreement on the basic problems of the international situation. They reconfirmed their joint resolutions of 1955 and 1956 as the basis for the further development of their mutual relations as well as the relations of all socialist countries and they reached full understanding on concrete forms of cooperation between the two Communist parties.

Seventeenth. In August the Yugoslav press accused the United States of violating the Korean truce agreement, while completely exonerating the North Koreans and Communist Chinese, both of whom had been condemned as aggressors by action of the United Nations.

Tito welcomed Ho-Chi-Minh, an old comintern agent who is now Russian pro consul in North Vietnam, to Yugoslavia and agreed with him on the necessity of discontinuing all nuclear tests;

Some Western observers thought they had detected a serious conflict between Moscow and Tito, in the literary and artistic sphere;

The Yugoslav press, which a few months before had greeted Mao-Tse-Tung's slogan in favor of the blooming of all flowers and schools of thought, defended his ruthless extermination of the Red Chinese regime's enemies as a necessary measure of self-criticism.

Eighteenth. In September Gomulka, Cyrankiewicz, Rapacki and Ochab, the leaders of the Communist party of Poland met with Tito, Kardelj, Rankovic, and Vukmanovic, the leaders of so-called independent Yugoslavia. But instead of demonstrating anti-Russian defiance, which the free press had expected, they stressed their fundamental ideological identity on the basis of socialism and proletarian internationalism, very aptly defined as the Communist term for accepting Russian leadership and following all political directives given by the Soviet Union and the Soviet Communist Party (The New York Times, December 9, 1957). Gomulka emphasized Communist dominated Poland's solidarity with the Soviet Union, "the first and mightiest socialist country", as well as with Red China. He also said that since Poland and Yugoslavia were "building socialism" according to their specific conditions this made them "members of the great socialist family." Polish-Yugoslav cooperation was thus cleared up as a contribution to the strengthening of the Communist movement in the world. Gomulka stated his opposition to the "forces of colonialism" which he

claimed were interfering in the affairs of countries of the Socialist bloc.

Tito wholeheartedly responded:

We know what we want and we are doing our best to realize it. . . . We are Communists—we collaborate with the Soviet Union. When we speak of separate roads to socialism, that should not be taken literally, i. e., in the sense that we have a separate road in every respect, in all things. We have many things in common. All of us have the revolutionary inspiration from the great October revolution, which gave us the elements upon which we built what we have today. We are led by the principles of Marxism-Leninism. Today we must do everything which is in accordance with our internationalist obligations.

Tito stressed the great contribution of the Soviet Union to the success of socialism in the world and added that he did not see in general among all socialist countries any elements which would stand in the way of constructive socialist cooperation. Tito then explicitly shattered the Western illusion of Polish and Yugoslav national communism, when he said:

I wish, comrades, that Poland and Yugoslavia—which are much criticized for practicing some national communism, which I consider nonsense—ought to show that they have no use for any national communism.

After endorsing all the main points of Soviet foreign policy—ban of thermonuclear weapons, division of Germany, recognition of the Oder Neisse Polish border, Soviet stand on the Middle East, admission of Red China to the U. N., a status quo—Tito ridiculed those who had expected that a meeting of Polish and Yugoslav communists would lead to a weakening of the communist world movement. On the contrary, he said, those two countries had the duty to work for the closest possible cooperation between all Socialist countries and moreover that "active co-existence between countries and peoples with different social systems was profitable to the further development of socialism."

Finally, he proclaimed that, former or future Russian-Yugoslav dissensions should not be dramatized, relations between socialist countries should be such as to give mighty impetus toward creating confidence in the Soviet Union in the whole world.

Nineteenth. On September 20 the Belgrade daily Politika, organ of the Communist Party, published an article which Tito had written for the Foreign Affairs magazine—October issue. In this article, Tito first assailed the lack of confidence with which every move of the Russian leaders was met in the West. He put the blame on the West for the present uneasy international situation which he claimed was characterized by "encirclement, war threats, and aggressive attempts to isolate the Soviet Union."

The NATO has no justification, according to this Tito article. It is a matter of growing distrust and deepening rift between the East and the West. As for the Warsaw Pact, it was of a purely defensive nature and it would cease to exist as soon as NATO was disbanded.

As for the Middle East, Tito assailed free countries for what he called the "policy of interference in the internal af-

fairs of the Arab countries," and particularly the Eisenhower doctrine. Tito added: "I consider that the present policy of the colonial powers toward the peoples of Africa and Asia is wrong and that it represents a latent danger for war conflicts."

After pleading for the admission of Red China in the U. N., Tito tackled the most delicate question of Communist Yugoslavia's position in the world:

In the West the question is often asked and various answers are suggested regarding where Yugoslavia stands and where it will stand. The reason for such guesswork lies in the fact that Yugoslavia is a Socialist country, that it is building socialism. Therefore, people in the West think her goal is the same as the goal of the Soviet Union and other countries of the East. Yes, it is true that our goal is the same.

Twentieth. On October, Tito's Communist regime recognized the satellite regime of East Germany and on October 19 Western Germany broke diplomatic relations with Tito. By this act Tito gave additional evidence of his firm adherence to the Moscow line.

Twenty-first. The recognition of East Germany by Tito was the last straw to break the patience of Tito's friends in the free world, who now warned him in very solemn terms that, unless he pulled himself together, he would certainly lose the support, military, if not economic, of the free world. So, a few days after Yugoslavia's recognition of East Germany it was announced that Tito would not go to Moscow to attend the celebration of the 40th anniversary of the Bolshevik revolution.

Twenty-second. While Tito's friends and supporters did their best to convince public opinion of the free world that once again great tensions had developed between Moscow and Communist Yugoslavia, Kardelj, the First Vice President of Communist Yugoslavia, and the head of the official Yugoslav delegation to the Russian celebrations of the 40th anniversary of the Bolshevik revolution, spoke Tito's mind in Moscow. He said: "Together with you (Russians) we are building relations of friendship and co-operation, based on the great idea of proletarian internationalism. * * * The Yugoslav Communists are delighted at every success of the Soviet peoples, because their victory means a gain for socialism in the whole world." Rankovic, Tito's chief of the secret police, made similar speeches, stressing the "indissoluble links between our revolution and the great October revolution."

Twenty-third. The celebrations of the 40th anniversary of the Bolshevik revolution comprised, among other activities, a meeting of the heads of all Communist countries, November 14-16, 1957, and a meeting of the representatives of all Communist Parties in the world, November 16 to 19, 1957. From the first a declaration was issued, which the Yugoslav delegation did not sign. From the second a peace manifesto was issued, which Yugoslavia signed, along with the representatives of 63 other Communist Parties.

Tito's refusal to go to Moscow and his refusal to sign the Moscow declaration were used in an effort to impose on pub-

lic opinion of the free world the idea that the Russian-Yugoslav relations were constantly burdened by heavy tensions and basic disagreements. Such an interpretation can by no stretch of imagination stand the test of the pertinent facts of the matter.

As far as the declaration is concerned, Tito himself declared in an interview with Mr. Sulzberger of the New York Times—February 28, 1957, published on March 6, 1957—that Yugoslavia refused to sign that document not because of disagreement, but because the document could not contribute to the lessening of world tensions and especially because Yugoslavia was directly involved in some points. At the same time Tito declared that Yugoslavia's refusal to sign that document was nothing tragic and that Yugoslav-Russian cooperation would not suffer because of that.

The Moscow declaration does not contain anything that could possibly cause any serious disagreement between Yugoslavia and the Russians. On the contrary, the declaration contained all the theoretical points evoked jointly and solemnly proclaimed by Moscow and Tito ever since 1955. It spoke of the "tremendous growth of the forces of socialism" in the world. It attacked the United States so-called positions-of-strength policy; it stressed "complete equality, respect for territorial integrity, state independence and sovereignty and noninterference" in the relations between Socialist states; it stressed the solidarity of all Communist countries, pursuing Marxist-Leninist international policy and "combining internationalism with patriotism"; it especially pointed to the necessity of applying the "principles of communism in keeping with the specific features" of every country.

Moreover, it reiterated and developed the basic thesis of the 20th Congress of the Communist Party of the Soviet Union in a manner which was clearly recognizable in the draft of the new program of the Communist Party of Yugoslavia presented at its 7th Congress in April 1958, with accent on the two basic points, first, that socialism had made such progress in the world that in the future "the Socialist revolution" could be achieved by peaceful means and state power could be won without civil war; second, preparing for any eventuality, the declaration emphasized the old Leninist thesis that the use of violence depended ultimately not on the Communists but on its enemies. If "the reactionary circles" capitulated, violence would be unnecessary. If they fought back, the transition from capitalism to socialism would be "nonpeaceful."

From this development it is now clear that the main document coming out of the Moscow celebrations was not the declaration, but the peace manifesto, which endorsed every major foreign policy proposal of the Soviet Union—New York Times, November 23, 1957. While based on the same premises as the declaration the peace manifesto was sharper and more aggressive. It hailed the fact that the land of the Soviets is no longer alone and isolated and praised

its relentless struggle for peace, especially in view of the warmongering attitude of the western ruling circles which were "under pressure by monopolies, especially those of the United States. This is the document Tito agreed to and which was signed by the Yugoslav Communists."

Twenty-fourth. Only a few days later, Kliment Voroshilov, President of the Soviet Union, sent a congratulatory telegram to Tito, on the 14th anniversary of the Communist take-over of Yugoslavia, in which he spoke of the "brotherly co-operation between our countries, based on unity of aims."

Twenty-fifth. In his New Year's message of 1958 Tito declared that "some colonial powers cannot accept the idea that the time of colonialism has passed." Tito thus associates himself in the Russian propaganda campaign to smear the Western powers as colonial and imperialists. He condemned the American reaction to the sputniks. He stated that while the whole world took them simply as, a great contribution to the scientific progress of mankind, the United States saw in them a war challenge which required military countermeasures.

Finally he denounced the NATO Conference for concerning itself with military matter instead of what he regards as peace.

Twenty-sixth. On January 18 the French military authorities seized off the coast of Oran a 150-ton Yugoslav shipment of arms to the Algerian rebels.

Twenty-seventh. One week later Tito, speaking at the Congress of the People's Youth of Yugoslavia, denied that Yugoslavia was smuggling arms, but at the same time declared that "as Communists, the Communist leaders of Yugoslavia sympathize with all the colonial people who want to be masters on their own soil."

Twenty-eighth. The newly elected president of Tito's Communist youth movement made this pronouncement: "I especially want to emphasize for our comrades from the Arab countries, our comrades from Indonesia, our comrades from India, our comrades from various parts of the globe who are fighting for their national independence, who are fighting against colonialism, that the People's Youth of Yugoslavia will always stand with them."

Twenty-ninth. The Yugoslav press played up the 10th anniversary of the Russian subjugation of Czechoslovakia with this theme, "Socialist Yugoslavia always rejoiced at the successes of the peoples of Czechoslovakia in the struggle for socialism."

Thirtieth. Tito's interview with Mr. Sulzberger of the New York Times is certainly one of the most edifying exposures of Communist Yugoslavia, in which Tito mercilessly shattered all the premises of western Titoism. He proclaimed the military value of the vaunted Balkan pact as reduced to zero, he said that Yugoslavia felt threatened by the creation of United States missile bases in Italy, he explained Yugoslavia's recognition of East Germany as a natural consequence of the Yugoslav policy of coexistence. He said that it was im-

possible for any country today to be neutral. As for national communism, he declared:

I must say that there is no national communism. Yugoslav Communists are also internationalists. The whole thing is that various countries which are building socialism have different conditions under which the new system is being built. That does not mean that the systems are different, but only that there are differences in the roads which lead to the same Socialist system. As far as our international obligations as Communists are concerned, I must say that the Communists of Yugoslavia have never failed to fulfill them.

As for Stalin, Tito declared:

Of course, I met and admired Stalin.
• • • I still esteem some of his qualities.

Thirty-first. In his so-called electoral speech of March 16, 1957, Tito praised the Communist method of electing representatives as truly democratic, whereas the method in the West was the opposite, since there, "the people, the voters, have no part in determining who will be their candidate."

He was full of sympathy for the colonial peoples. He branded the attitude of the United States on the events in Indonesia as warmongering and hypocritical. As for the summit conference, he entirely approved of the Russian strategy, and blamed the West for sabotaging their efforts.

He announced that Russian-Yugoslav relations were good and were developing very well, and the same applied in general to the relations with all Communist countries.

Thirty-second. Finally, when Tito, after allegedly struggling with many difficulties and very sensitive problems of his supposedly strained relations with Moscow, addressed the 7th Congress of the Communist Party of Yugoslavia on April 22, the first thing which he chose to emphasize was that the idea of a crusade against communism was only the work of imperialist aims and colonial subjugation. It was the West which was responsible for the creation of military blocs, which was its answer to the "victory of the Chinese revolution" and to Stalin's inflexible policy. He claimed that the Soviet Union underwent radical changes which exerted a strong influence on the relaxation of international tensions. He then pointed out that as a consequence Russian-Yugoslav relations were closer because, the important thing was that "between us there is more confidence; that we understand each other; that there exists a friendly and sincere exchange of opinions and experiences on the basis of which broad cooperation is developing."

Tito rejected criticisms to the effect that the Yugoslav Communists were not internationalists by stressing that internationalism did not depend on some formal adherence or words or propaganda, but on the building socialism in domestic policy and of practicing Marxism-Leninism in international relations. Speaking of the rift with the Russians in 1948, Tito made the very important and revealing statement that the Russian stand created in the world doubts as to the correctness of the policy

of a country "that throughout this whole period was a beacon to the international workers' movement." Because of this he said "the revolutionary blade was blunted" and the enemies of socialism, "the international reactionaries," exploited this Communist predicament to the utmost.

Tito praised the work of the 20th congress of the Communist Party of the Soviet Union, which together with the Belgrade and Moscow declarations renewed the confidence in the socialist forces of the world. Tito also revealed the essence of the new Communist strategy of soft, different communism by explaining that the new line of the 20th congress and the 1955 and 1956 joint resolutions did not represent a weakening of the Socialist world, "but precisely its opposite—this make possible the mobilization of all the forces of socialism."

The facts presented constitute sufficient evidence to support the following conclusions about Tito and where he stands in the international conspiracy of communism:

First. Since 1955, when Tito solemnly reconciled with Moscow, there have been no signs of estrangement or any major strains in Russian-Yugoslav relations. There have been some minor differences in views, but they have always been subordinated by both sides to the common political goal of spreading communism in the world. The Yugoslav foreign minister, Koca Popovic himself declared on April 25, 1958, that Russian-Yugoslav relations "need not be harmed" by those differences.

Second. The artificial creation of "situations of tension" between Russian and Yugoslavs has become a regular feature of the pattern of Russian-Yugoslav strategy for extracting United States dollars. Tito's "estrangement from Moscow" occurs each year just as Congress takes up the Foreign Aid bill.

Third. Yugoslav foreign policy has not undergone any noticeable change since 1955. Tito's statement of February 1955—upon his return from Asia—that "our policy has never been different from what it is today" and that it was the same as "six, seven and eight years ago—nothing has changed"—is clearer today than it was three years ago;

Fourth. In the last few years Tito has worked out jointly with Moscow a new strategy, based on the lessons of the Stalin-Tito break of 1948 and adapted it to the new opportunities which they have created for the spread of communism in the world.

Far from growing further apart ideologically and politically, Tito and Khrushchev have come closer together. Tito has on policy and in practice supported all the most important moves of Russian-communist foreign policy.

Fifth. Conversely, and necessarily, Tito has constantly taken a stand against the basic principles and moves of the United States foreign policy.

Sixth. There can be no talk of any Yugoslav independent foreign policy under its communist regime. As Tito himself admitted and explained, his foreign policy was only formally independent,

but was actually thoroughly devoted to the promotion of precisely the same goal as the Russian foreign policy, supplementing it and spearheading it.

The clash between Stalin and Tito on the question of how the cause of communism could be promoted best, led both sides to examine their positions and smooth out their differences. Through combined efforts, Khrushchev and Tito devised a new strategy of equality, independence, noninterference, and separate roads to socialism. Although the hypocrisy of their deal was revealed in the case of the Hungarian revolution of 1956, it is still being used with great success to deceive the free world, to give plausible cover to communist sympathizers to promote communism by criticizing it and thus promote the interests of communist imperialism in the most efficient manner.

Seventh. Tito not only is wholeheartedly participating in the world conspiracy of international communism, but is playing a key role in it.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Chairman, I am not going to attempt to go into the bill itself. This has been so extraordinarily well done by my colleagues who preceded me, particularly by our bipartisan team, that I feel the committee is well informed. I trust the Members will take the time in the morning to read the arguments advanced this afternoon.

First, I want to join with others on the committee who have spoken relative to the gentlemen who have served on the committee, two of whom are not returning. The gentleman from Illinois [Mr. GORDON] has been a very good friend of mine for many years. He and another Democratic member, with KARL MUNDT and myself, went on the first trip made by a subcommittee of the Committee on Foreign Affairs in 1945 to Eastern Europe and the Near East. He was a delightful traveling companion, and we got to know each other quite well. The fact that he is not able to continue in his work has been a grief to me, because he has so much to contribute. On the other hand, we have secured, as is so often the case, a strong man in place of another one. It seems that we are always expendable, and what happens to one brings another one to the fore. We are very grateful for the quality of mind and capacity that Dr. MORGAN has shown during the year. We all respect and admire him, and are very happy in having had such an assistant chairman or deputy chairman or whatever we want to call him. Of course, my own grief at JOHN VORYS' decision has been very real. I have sat next to him and have had him put his elbow in my ribs and tell me that molasses could get more than vinegar, whereupon I tried very hard to smile at the next remark he made and then have a chance to poke his ribs with the same remark. But he has been an outstanding member on our committee and we will miss him exceedingly. There is no one quite like JOHN VORYS. We hope many good things for him, but we hope for ourselves the courage to go on without him.

Our committee, as a matter of fact, Mr. Chairman, is rather a unique committee. We disagree on so many points, and yet we agree so vitally on one thing, and that is we seek to see through the confusions of today to arrive at a more sane, a more solid procedure for our own country. This is very difficult when it has to do with the battle that we are waging as believers in God, in the Diety, against those who do not believe and who proclaim their disbelief on every occasion and who do not permit belief by their members. We have that one hope that through our common interest and love of our country we shall be able to see through more clearly as the months come and go and become years and as this battle goes on. I would like to say to those who have been asking today and other days, "How long, Oh Lord, how long must this continue?" that without any question this must continue until the Lord again rules the world and anti-Christ, anti-God, anti-everything that we abhor is put down across the earth.

So I confess that while I respect the feelings of those who are opposed to this program, I must say very forcefully that it must continue unless we go under, until the Communist regime is broken across the world.

We have had a very interesting few weeks, many weeks of hearings. We have protested year after year to the witnesses who came from the various departments until we finally got a clearer picture of what has been going on and what they are proposing or have been proposing to us. I want to say for myself that I am grateful for the increasing clarity of their reports. Oh, they are confused in spots; they are difficult, yes. But at the same time I think they have discovered that the best way to handle Congress is to be just as honest and as frank as it is possible to be and to bring their testimony in in the way that the committee asked to have it brought in.

There has been difficulty in the program, yes; of course there has. Go into some of the big businesses; don't they have difficulty when they spend billions and billions all over the world?

Of course, there are those who are unworthy of the jobs they have had. Maybe some of us here in the Congress are not too worthy of what has been given us by the people of our communities. But we have tried as a country to do those things which first of all would protect our people from Communist invasion; not only of our country, but of our very souls. And we have tried in every way to do what we could for the United States of America because she holds high, as no other country does, or can, the flag and the light of freedom and of hope of possible progress in the world.

You, who have not been to some of these undeveloped countries, ought to go. But at the same time, do not forget your own back alleys, because that is where the strength of the United States must be built. But do not forget all sides of those really serious areas into which we, as a Federal Government,

must go with hope and with liberty and with justice under law.

Mr. Chairman, I hope with great earnestness that this Congress will see fit to give this security program everything that is asked for. Some of us in the committee voted against the cuts. We hope very much that we will not go on the principle that the only way to make a better program is to cut it down to bone. You see, some of the bone may not be too strong, and we may cut into it too much and let out some of the marrow. Then we will not have the red corpuscles that we need in order to do the job that must be done. And I repeat, it must be done. No matter how many mistakes we make, the work must be done.

Mr. MORGAN. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. PILCHER].

Mr. PILCHER. Mr. Chairman, I, too, want to join my colleagues on the Committee on Foreign Affairs to pay tribute to the retiring chairman, the gentleman from Illinois [Mr. GORDON]; and also the gentleman on the other side of the aisle, the gentleman from Ohio [Mr. VOYLES]. They have both been very kind to me since I have been a member of that committee. I want to say this, however. We have an acting chairman and will have a chairman next year of whom we are all proud. I do not think I have ever seen a man who has tried to be more courteous and polite, kind and considerate to all Members, than the gentleman from Pennsylvania, Dr. MORGAN.

Mr. Chairman, in discussing this mutual security program, some people would have you think that the people who vote against it do not believe in the defense of their country, do not believe in economic aid or do not believe in technical assistance. I believe the majority of us, if we thought it was necessary, would give the last dollar we had for the defense of our country and would give even the blood of our bodies.

Now this is the most propagandized bill that comes before this House in any session. There are more professional witnesses testifying before the Committee on Foreign Affairs on mutual security than on any other bill. I believe 75 percent of them are what I call witnesses who are professionals. They have their testimony all ready when they come before the committee. Then, if you have somebody against the bill, the next day you have someone from the Department of State or ICA or somebody up there answering the questions or to say something in defense of what the people said in opposition to it. I am for mutual security. I will vote money for technical assistance. I will vote money for refugees. I will vote money to help people to help themselves.

But, Mr. Chairman, this bill should be divided into three separate and distinct bills. There ought to be military assistance. There ought to be technical aid. There ought to be economic aid and your technical assistance programs that will help people to help themselves. But, this bill has become so large and there is so much money in it that the bill is all

out of kilter. They just have too much money. It is the same thing as when you give a child too much money—he will waste it. Mr. Chairman, I am not going to demagog, but I just want to give you a few facts about this bill. Military assistance, of course, is in one bill. For instance, defense support is a misnomer. They can use that money to build airports or build up an army or buy nylon stockings or use it in any way that they see fit to use it under the guise of defense support. The worst thing in this bill this time is this development and loan fund. What are we doing? We are setting up an agency here that is going to perpetuate itself. They will get practically a billion dollars. They will be able to float bonds. They will not have to come back to the Congress. Yes, they say they are going to have a look into it and they are going to have a report. But, these are soft loans. These are straight-out grants to any country or any corporation or any individual. Now, I do not say they are going to do that. But, under the law an individual could go down there and borrow a million dollars or a hundred million dollars on his plain note and go anywhere in the world and start a business, if he wants to.

I do not say that they will do that because I have more confidence in the ICA than that, but it is possible under the law. That is what the Congress is doing. It is giving them that authority. They will not have to come back to the Congress any more. We are not talking about just \$3 billion here. As some of my colleagues have said, we are talking about \$12 billion in this program. Twelve billion dollars is in this program any way you want to look at it. Take your pipeline. Take this year's appropriation and take the money from Public Law 480 or the funds that we are going to generate from it and it is a \$12,100,000,000 program. In addition to that, you have \$7 billion loan authorization for the Export-Import Bank. We contribute about \$600 million for the International Bank for reconstruction development, \$35 million for the International Finance Corporation. In addition, we have all the funds we give to the United Nations. They have more money than they know what to do with. If we did not vote them 1 dime for the next 2 years, this program would go on on the same basis as it has the last 4 or 5 years. If we did not give them 1 dime of money, they have enough in the pipeline and from other sources to carry the program on.

Let us see what we have accomplished. When this started off under the Marshall plan in September 1948, we only had 571 employees. I do not mean that that is the number of people who administered the program; that was just the staff to get started. But, in 1949, when we were doing the real work under the Marshall plan, we had 3,672 employees in the ICA. In December of 1957, we had 12,095 employees or 4 times as many as we had when we were administering the Marshall plan. They talk about how much it has accomplished. Let us cite a few illustrations. For instance, let us take

the Near East and south Asia. We have spent \$6 billion in that area.

What have we got in Saudi Arabia today? What have we got in Egypt? What have we got in Syria? What have we got in Lebanon today? In the last few hours they burned our American library there. Witnesses have testified that we have fewer friends in the world today than we had 5 years ago. We all know we have got to support NATO. We all know we have got to support Korea and we have got to support Formosa, Turkey, and Pakistan. The Congress will vote money to do that. But these neutrals are using us for suckers. Some of them are getting more money than our real friends that would stand up and be counted if they had to be. The situation in India is serious. We have far fewer friends in that area today than we had a few years ago.

Another thing that was a shock to me. According to the General Accounting Office and the Comptroller General, there has never been an audit of the mutual-security program since it started.

Now we were talking about India a minute ago. Last year we gave them \$68,700,000 in economic aid. During the same year they spent \$600 million on their military forces. Is India scared of Russia? Certainly not. It is on account of Pakistan. We are furnishing money to Pakistan for an army. We are helping India build an army to fight Pakistan, and vice versa. The trouble is between Pakistan and India. But at least Pakistan will stand up and be counted, and India is getting her money under the guise of a neutral. I do not know how neutral she is.

Now take Laos. We are supporting 25,000 troops, and have for 3 years, at \$25 million a year. In addition to military hardware we have spent \$75 million in Laos in 3 years' time supporting 25,000 troops.

In Laos we have a little government over there that has 2 or 3 Communists in it. The son of one of them is a straight out Communist. We are supporting two companies of Communist soldiers in the northern province of Laos, furnishing guns and food and money. Would they be any defense to this country?

Now, they talk about waste. I am talking about real extravagance. Take Thailand. They wanted to build a road over there of 200 miles. They estimated it would cost \$6½ million. We completed 100 miles of it and they already spent \$22 million on the 100 miles. In Korea in 1955 we decided to build them a fertilizer plant. After we spent several million dollars on it they found out there was not a pound of phosphate or sulfur within 5,000 miles, out of which to make fertilizer. Then they reevaluated it. They started a nitrogen plant. The Comptroller General says it will cost \$47 million to complete it. That would have bought fertilizer for a long time.

In addition to that, we have got a program cost several million training them to operate it and to dispose of it when we get that fertilizer plant completed.

I believe charity begins at home, but when you go home and talk to your constituents, and when there are over 5 mil-

lion people unemployed, when there were 77,000 bankruptcies in the United States in 1957, and there were only 70,000 in 1932, it is difficult to make people understand. The last 3 months of 1957 bankruptcies were running at the rate of 85,000 a year. They say now there will be 85,000 bankruptcies in the United States in the year 1958.

With the small farmers plowed under, with farm mortgages going up every year, and national debt \$270 billion and all this borrowed money, how can we justify it?

Mr. Chairman, in conclusion I want to read the last paragraph of the minority views:

Despite this extension of our interest and unwanted generosity, there has developed among recipient nations no adequate understanding of our fundamental American purpose; no sufficient comprehension that we have undertaken a mutual effort to help men live and govern themselves in terms of freedom, equality, human dignity, and peace. There has, in fact, been little or no mutuality to the program. Merely voting more dollars for the continuation of such a program is not enough. What is needed is a more consistent policy, better programing, much better administration; and, what is more important, a complete review of the fundamental policy. To continue, without new direction or directives, a program that has been tried and found wanting is as dangerous as it is ineffective. This minority, which is second to none in its desire to maintain the security and peace of this country and of the world, has long held that the concept of mutual security, the implementation thereof, and the annual enabling legislation should be reviewed and revised. We again call for a review of the program and of the underlying policy.

In view of this, in view of the fact that Congress has failed to reassert its control over the mutual security program, in view of the failure of the justifications for the program to measure up to critical analysis, in view of administrative laxness in carrying out the program, and in view of the needless authorization of billions of dollars when the pipeline already contains billions, we cannot support the mutual security bill for 1958.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. PILCHER. I yield.

Mr. ALGER. I would like to compliment the gentleman on his statement and particularly on this minority report from which the gentleman has just read the concluding paragraph, and to the gentleman and to the Members who joined in this minority report I simply want to express my thanks for the work you did, for the good sense you expressed today with which I would like to identify myself.

Mr. PILCHER. I thank the gentleman.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. PILCHER. I yield.

Mr. JOHANSEN. Am I to understand from the minority report that in this mutual aid program neither the Congress nor the committee know in advance what specific programs are to be undertaken?

Mr. PILCHER. No, sir; we do not.

Mr. JOHANSEN. Does the gentleman feel that that is sound legislative procedure?

Mr. PILCHER. I do not.

Mr. JOHANSEN. Does the gentleman feel that the procedure which is followed in the matter of public works appropriations and authorizations in this country should be followed? Is it not true that the Congress has to know in advance what they are to be before they are approved?

Mr. PILCHER. It is.

Mr. JOHANSEN. And does not the gentleman feel that the same criterion, the same requirement, ought to be imposed on these programs?

Mr. PILCHER. I agree with the gentleman.

Mr. VORYS. Mr. Chairman, I yield such time as he may require to the gentleman from Ohio [Mr. SCHERER].

(Mr. SCHERER asked and was given permission to revise and extend his remarks.)

Mr. SCHERER. Mr. Chairman, when the proper time comes in the consideration of this bill, I intend to offer an amendment to strike all of subsection (f) of section 502 of the bill H. R. 12181. This subsection relates to the contribution paid by the United States as its share of the expenses of the International Labor Organization.

Under the present law—title 22, United States Code, section 272a (a), the United States contribution is limited to an amount not to exceed \$1,750,000 per year. Since our entrance into the International Labor Organization, this amount has been regularly increased by action of the Congress. Previously, however, such action has been taken by separate resolution. In fact, there is now pending in the Foreign Affairs Committee, Senate Joint Resolution 73 to increase the existing \$1,750,000 ceiling to \$2 million. This resolution has already passed the Senate.

This is the first time we have sought to take such an important action insofar as ILO is concerned by a rider to the mutual security bill. The matter of increasing our contribution to the International Labor Organization is of such vital importance that it should not be considered in a rider. It should receive the careful and deliberate consideration of the Congress and be the subject of extensive debate.

There is more to be considered than an increase in our contribution to ILO. In fact, before the last session of Congress adjourned, I suggested on the floor of this House that we evaluate the whole question of our continued participation in ILO because it is obvious from a casual study of its present operations that it has gone far afield from its original purpose and stated objectives which were obviously the basis for our joining this international organization.

ILO has long since ceased to be a body devoted to the affairs of labor and has instead become a political forum and propaganda agency devoted chiefly to fostering the philosophy of socialism, communism, and the nationalization of industry. It has become an organization which is dedicated to the destruction of the very principles for which our country stands.

I shall discuss these charges later in some detail.

Even if the international labor organization is everything the internationalists and one-worlders claim it to be, subsection 502 (f) is still not only undesirable but dangerous. It is a surrender by the Congress of its constitutional authority over the purse strings.

ILO today has 79 members. We pay one-fourth of the cost and have one-seventy-ninth of the votes. We have absolutely no control over the programs or total expenditures of ILO. It can expand its activities as it has been steadily doing without limit. It can, at the expense chiefly of the United States, undertake additional worldwide grants-in-aid programs over which we have absolutely no control since ILO is now completely dominated by the Socialist-Communist bloc.

By the passage of subsection 502 (f) in this bill, we will be compelled to pay 25 percent of the cost of ILO's programs and activities whatever they might be. Since the average contribution of the other nations is less than 1 percent, there will be, if subsection 502 (f) is passed, little hesitancy in going forward with its costly worldwide programs. Up to this point these programs have been controlled by the fact that the present law puts a dollar limit on Uncle Sam's share of the expenses.

There has been a great deal of concern in this Congress about going along with the President's plan for reorganization of the Defense Department because Congress might lose some control of specific expenditures or the shifting of funds within the limits of the total defense appropriation. But by passage of this section we are giving to an international body over which the Congress has no control the right to spend the funds of the taxpayers of the United States without limitation as to the amount or as to the nature and size of the program. And let me assure you that the activities and programs of the international labor organization are such and will be such that the great majority of the American people and this Congress would not support them. The inclusion of this subsection in this mutual security bill alone should warrant its defeat.

Mr. Chairman, since there are so few people who understand the nature of the International Labor Organization and what it eventually foreshadows for the people of the United States, perhaps I should enlarge on what I have said.

Mr. Will McGrath, of my hometown of Cincinnati, has given outstanding and dedicated service for many years as an employer delegate from the United States to ILO and served a 3-year term as a member of its governing body. However, Mr. McGrath and others have now come to the conclusion that our membership in ILO is not serving the best interests of the United States; that, in fact, our continued participation is a detriment to the institutions of this country and to the free enterprise system which has made us a great Nation.

Now, what is the International Labor Organization?

It was initially set up in 1919 as an agency of the League of Nations. In 1934 the United States became a mem-

ber and in 1946 ILO became a specialized agency of the United Nations.

Its stated purpose is to promote the voluntary cooperation of nations, to improve labor conditions and raise living standards. No one can disagree with such an objective.

It is charged, however, that while ILO's stated objective is a noble one, it is actually being used to promote international socialism and to belittle and destroy the American system of free enterprise, and that in recent years it has become the sounding board and propaganda forum for the Communist and Socialist countries.

Because there is cogent evidence to support these charges, as I have said, I have suggested that Congress investigate to determine whether the United States should continue as a member.

When Russia came back into ILO in 1954, she did so in a big way. It is almost unbelievable but she returned as 3 nations, thus giving her 3 times the voting strength of the United States.

In 1955 the budget was apportioned among 66 member nations. But when Russia came back as 3 nations, namely, the U. S. S. R., the Ukraine, and Byelorussia, and Honduras also joined, these 4 members contributed 11.5 percent of the budget. As a result, 41 nations, but as usual not the United States, got a reduction in their percentage allocations of ILO expenses.

Originally ILO was sold to the American people because it was to accomplish its mission with a new, desirable, and certainly unique approach. However, Russia and her satellites' return struck at and destroyed the very heart, the basic charter and purpose of ILO.

All delegations to ILO at Geneva are supposed to consist of representatives of government, labor, and employers from each member nation. The theory is, of course, that each group is to have a free voice in the counsels of ILO.

Russia and the rest of the Communist bloc have 36 votes, presumably divided between government, labor, and employer representatives. Since the Communist states are complete dictatorships, and all basic industry is government-owned, there are and can be no free labor unions or free employer organizations. Consequently, we have 36 government representatives from the Communist bloc. Those attending as labor and management representatives from this bloc are mere stooges for the Kremlin and the Communist conspiracy.

Since the Soviets' return, they have used ILO as a worldwide propaganda forum for promulgating not only the Communist ideology and the foreign policy of the Soviet Union, but also for the constant venal abuse of the United States, its economy and institutions.

Will McGrath fought unsuccessfully to prevent this domination by the Communists. The Government representatives of the United States gave him little or no help. Why they did not is the subject for another discussion.

The resolutions which have been adopted by ILO have long since departed from ILO's original objectives. We, that is, the great majority of us, be-

lieve in freedom for the individual; the ILO is dedicated to mastery by government. The underlying intent of practically every ILO proposal put forward in recent years has been along the lines of more power for government, more control by government, more regimentation by government, more regulation by government—until the state would be the complete master of human destinies and affairs, largely through the complete nationalization of industry.

In its earlier days the ILO devoted itself to subjects concerned directly with labor. In recent years ILO has drafted a proposed international law to the effect that government should give people money for illness, injury, childbirth, unemployment, old age, invalidity—which is defined as the inability to engage in any gainful activity, and a morbid condition. Interwoven in the provisions of this convention is a complete system of socialized medicine.

ILO has drafted a proposed international law to the effect that all private employment agencies should be put out of business, and all employment placement should be concentrated in the hands of government. If government can tell people where they must go for jobs, government can direct the destiny of mankind.

ILO recommended that the competent authority—meaning government—should prepare suggestions and guidance for the operation of canteens and cafeterias in industrial plants, subject to legal enforcement. In short, government is going to prescribe what people shall eat.

ILO also enacts resolutions. One of its resolutions, passed under the pretext of dealing with unemployment, prescribed that government should take over production, allocation of markets, distribution of products, price fixing, wage fixing, financing—in fact, all phases of the economic system—and, in addition, prescribed how workers should use their leisure time.

The net result is that today, as I said before, the ILO is spreading the doctrines of socialism and collectivism all over the world. In short, the Socialists and the Communists have been gaining increasing headway in ILO, and the influence of the United States has been growing less and less.

Hour after hour, in the plenary sessions, I am told, the Reds condemn our way of life and make frequent abusive reference to the United States—and for the most part we just sit and take it.

And is an international forum in which free enterprise is damned by a continuous flow of leftwing and Communist oratory of any possible help in selling the philosophy of the United States or in the preservation of world peace?

Now, in the face of these facts, let me ask this simple question: Why should our country provide additional financing to an organization which is dedicated to the destruction of the very principles for which our country stands?

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MORANO].

Mr. MORANO. Mr. Chairman, I support a continuation of the mutual security program authorized by H. R. 12181. There are those who have found fault with the program and therefore recommend that it be abandoned. They offer no substitute for building and maintaining a free world.

The mutual security program has demonstrated in positive results achieved that it is the best vehicle we have for outlining the major foreign policies of the United States. I do feel, however, that this program must be improved whenever possible and that it must be implemented with imagination and wisdom.

As a member of the Subcommittee on Inter-American Affairs, I urge that the executive branch devote more time and energy in producing adequate policies and programs for Latin America. This is essential if Latin America is to become a strong and secure bastion of democracy in the free world.

The United States has publicly recognized and proclaimed the importance of Latin America in its foreign relations since the days of the Monroe Doctrine. The mutual advantages of a close and friendly cooperation have been cognizant by all countries in the Western Hemisphere. The strategic location of the area as a whole to the defense of the United States is well established. Over the years we have developed mutually beneficial relationships with our neighbors to the south.

I have just recently returned from Argentina where I had the honor of attending the inauguration ceremonies of President Arturo Frondizi. The free elections may mark the end of the political upheavals that have shaken this nation of 21 million inhabitants since 1930. Nevertheless, grave economic difficulties face the newly elected government in Argentina. While democracy is being restored in the country, many problems inherited from the recent turbulent past have not yet been solved. The national treasury is empty and the country is facing a crisis.

This return to democratic rule should be the beginning of a new era in the history of cooperation and friendship between Argentina and the United States. It is imperative that we assist our neighbors during these dark days of economic distress. Every consideration should be given to the economic problems facing Argentina today so as to bring about the realization of the ideals of all the peoples in the Americas for economic progress and for greater freedom and democracy. We must do everything in our power to lighten the economic burdens of the Argentinians and which would assure reestablished friendly sentiment between our nations.

It is my firm conviction that the objective of a free and democratic Argentina closely allied to the free world can be achieved not by Argentina alone, but by United States cooperation as well.

Latin America has been severely hurt by the United States recession. Our manufacturers are importing less raw materials from below the Rio Grande and as a consequence commodity prices

have tumbled. During 1957, United States imports of wool fell to their lowest rate since 1939 and this has seriously affected Argentina and Uruguay. Falling coffee prices have hit all the coffee producing countries. Venezuela is disturbed by a tightening of United States restrictions on oil imports. Chile, Peru, and Mexico have felt the results of our limitations on the import of copper, lead, and zinc. Virtually every Latin American country is short of capital for development and is fighting inflation.

There is ample evidence that the Soviet Union is intensifying its economic and political offensive in Latin America. The Kremlin's propaganda professes sincere interest in trade expansion. The Russians are buying Uruguayan wool and Colombian coffee, selling Argentina industrial goods, and offering enticing trade pacts to all comers.

We cannot minimize the gravity of the challenge for the United States posed by the Soviet bloc efforts in the Western Hemisphere, or its capacity to choose selected targets for an economic and propaganda offensive. The Communist threat is imminent. Every economic consideration must be given to our neighbors and the highest priority must be placed on maintaining and further extending the good partner policy with the Republics in this vast area. Unfortunately, our policy in this area appears to be dictated by the importance attached to the countries involved, and that importance is measured in material terms. We must not let our prestige dip to a perilous low in Latin America through blindness and apathy, and through a seemingly materialistic philosophy.

Latin America is a vast area—rich in resources—trying desperately to raise living standards by building economic, stable and democratic governments. These countries need financial assistance in the form of loans or through private investments in order to achieve their goals. In some cases direct grant assistance is amply warranted. The policy to deny credits in Washington to certain American republics because such countries are determined to develop some resources is inimical to our good neighbor policy. The resentment to this dictation provides avenues for Moscow's economic penetration. The United States has everything to gain by helping these countries acquire a more favorable economic balance. Nearly every dollar that goes to Latin America comes back to the United States in the form of purchase of our goods.

Another factor to be given primary consideration is the problem of giving the Latin Americans a fair chance to trade in the United States market. There is serious danger that the tourniquet of protection may choke off inter-American trade. While we are urging free trade elsewhere, we are restricting certain Latin American commodities that are the very substance of the economic life in many of the countries. A more thorough study must be made of these problems so that these nations do not digress economically and politically.

It is to be noted that approximately 10 Latin American nations have signed

investment guaranty agreements with the United States for the protection of American investments in that area. Several more countries are anticipating such agreements—which will encourage private investments in developing the resources of the particular country. Some of these countries are underdeveloped only by comparison with the United States. They are struggling to develop themselves economically. We should continue to encourage the flow of American private capital in this direction. I am happy to state that your House Foreign Affairs Committee has constantly emphasized the necessity for expanding and liberalizing the investment guaranty program in the underdeveloped areas generally—and in Latin America particularly.

In summary, I urge the United States to exert every effort in the direction of our foreign policy toward Latin America—to promote more cordial relations with the republics in this hemisphere, not only by military leadership against communism, but in economic and cultural activities. Unless the United States acts promptly in giving whatever economic assistance is required in each individual country, the menace of communism will spread. The entire Western Hemisphere will be in peril. If that should take place, the cost involved in eradicating this menace would far exceed the small cost in preventing the spread. There is still time to take preventive action. But that action must be taken now.

The strength of communism in Latin America was demonstrated recently by a personal attack upon Vice President Nixon in Lima, Peru. The situation in all Latin America requires that the United States should exert every effort to combat the spread of communism.

I repeat today what I said in 1956, that the President should appoint a special representative to Latin America with the rank and status of Ambassador, whose function it will be to consider United States-Latin American relations in the broad context of the best interests of the hemisphere. I am firmly convinced that the former Ambassador to Italy, Mrs. Clare Boothe Luce, would be an ideal choice.

No Ambassador in our history faced the difficulties which confronted Mrs. Luce upon assuming her position as Ambassador to Italy. Her successful efforts to combat the spread of communism and to perpetuate democratic government stands as impregnable testimony to a job well done. Her appointment as a special representative would strengthen and buttress the action of a United States Ambassador in a particular Latin American country through affording additional support at the highest level. I urge that the utmost consideration be given to my proposal.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I am happy to yield to the distinguished gentlewoman from Illinois.

Mrs. CHURCH. Mr. Chairman, I want to compliment the gentleman on his consistent effort in alerting the House to our

need of more attention to Latin America. I hope the gentleman will permit me to point out that there is some degree of unanimity in that regard. The minority report, besides calling for more technical assistance, does urge that more attention be given to Latin America. I wanted the gentleman to know that.

Mr. MORANO. Mr. Chairman, I thank the gentlewoman from Illinois. It is always a source of pleasure to be in agreement with the brilliant Representative from Illinois.

Mr. Chairman, in closing, I want to compliment the acting chairman of the committee, Dr. MORGAN, for the excellent way in which he has conducted the hearings, and for the fair and just manner in which he has conducted the committee consideration of this bill. Also I want to say that I regret that the distinguished chairman of our committee, the gentleman from Illinois [Mr. GORDON] has decided to retire from Congress. He has been an able, competent, and conscientious chairman. I should like to express my regret, too, that our distinguished colleague from Ohio [Mr. VORYS] has decided to retire from Congress. He has been a distinguished and conscientious member of the great Committee on Foreign Affairs; constant in his attendance at the hearings, and brilliant in committee work. All in all Mr. VORYS, down through the years, can pride himself as an able Representative from the State of Ohio.

Mr. CRETELLA. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I am glad to yield to my colleague.

Mr. CRETELLA. Mr. Chairman, I want to compliment my colleague on the excellent presentation he has made in the time allotted to him. I know of his intense interest in the problem on which he has spoken and I know that he has, himself, served as an ambassador of good will between the United States and our neighbors to the South.

Mr. MORANO. I thank my able and distinguished colleague from Connecticut.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. LECOMPTE].

Mr. LECOMPTE. Mr. Chairman, I should like to express my admiration of the acting chairman of the committee, the gentleman from Pennsylvania, Dr. MORGAN, who has done such a magnificent job throughout the hearings. And I am not unmindful of the splendid service that has been performed by our chairman, the gentleman from Illinois [Mr. GORDON], who has decided to retire. May he soon be restored to health and vigor. These gentlemen have kept the committee right at work; I say that good-naturedly, because there has not been much, if any, time for loafing or playing around. They believe in conscientious work and have seen to it that the great Committee on Foreign Affairs has functioned smoothly and conscientiously all of the time during the hearings of the past 2 months on this bill, and may I also say a word for Mr. CHIPERFIELD and Mr. VORYS.

Mr. Chairman, while I am supporting this legislation, I want to say that I think the gentleman from Georgia [Mr. PILCHER] sounded a very important and worthwhile warning when he called attention to the amount of money that has been spent already, and especially to the tremendous growth in number of personnel employed by the International Cooperation Administration. And this warning should be heeded. It is easy for departments of government to grow, but it is difficult to hold them down to size, and next to impossible to cut them back. But I believe that when we realize that the number of persons employed by the International Cooperation Administration has trebled in the last 2 years, if I understood the figures correctly that were given by the gentleman from Georgia, it is time that the Congress did something to stop that unconscionable growth.

In almost 20 years that I have served in this House, I have seen much important legislation. At this moment I do not think of any one single measure more important for our future safety and welfare than the bill before us.

Mr. Chairman, a number of my colleagues have convincingly pointed out reasons for supporting the mutual security program, and with them, I share the opinion of the President that this program is "of transcendent importance to the United States." After studying the testimony presented to the Committee on Foreign Affairs, I firmly believe we should give complete support to the measure before us today.

The argument that this is a give-away program is not justified nor valid and is refuted by the facts. Actually in many instances, the program is saving money for us, especially in military costs. Mutual aid provides for military assistance in a country without our stationing many of our own troops there. Few people realize that to maintain one of our own soldiers overseas, the average cost is \$3,515 per year, whereas the cost of maintaining a French soldier is \$1,440 per year. The cost of a Pakistanian soldier is \$485 annually; the cost of maintaining a Turkish soldier is as little as \$240 annually; and that of maintaining a soldier of Taiwan is only \$147 annually.

Were we to discontinue or sharply reduce mutual aid, the burden of maintaining adequate armed strength of our own at overseas bases would be extremely high. Moreover, as the President pointed out, it would result in a severe dislocation and basic impairment of free world power; a certain crumbling, under sino-Soviet pressures, of our strategic overseas positions and a forcing of these positions progressively back toward our own shores; a massive increase in our own defense budget, in amounts far exceeding mutual security appropriations, necessitating increases in taxes; a heavy increase in inductions of American youth into our own Armed Forces; and ultimately a beleaguered America, her freedoms limited by mounting defense costs, and almost alone in a world dominated by international communism.

But people of the United States want to know what the program has accomplished. It has helped to build up more than 4,700,000 active Allied army forces, 2,500 naval vessels, and 32,000 aircraft. This contrasts with the picture in 1950 when our allies had 3,600,000 active armed forces, most of whom were poorly equipped and poorly trained, 1,200 naval vessels, and 17,000 aircraft, of which only a minute portion was jet propelled.

These forces which the mutual-security program has helped provide are vital to the protection of the United States and to the protection of our homes and families. They form a major deterrent to Soviet aggression and to Communist tyranny. Without them the United States would be imperiled.

The nations which are allied with us are making a real contribution to the security of the United States. The argument is often made that we are supporting the military establishments of the entire free world. The fact of the matter is that they are doing much to help themselves. During the period 1950 through 1957 our free world allies spent no less than \$122 billion while the total cost of our military assistance amounted to approximately \$20 billion.

The program before us today also assists in the securing and maintaining of United States bases in foreign areas. There are over 250 major active United States military installations on foreign soil today. Many of these would not be there without this program. These bases are vital and essential to our maintaining an adequate defensive position in Europe, in the Near East, and in Asia, and are necessary to the maintenance of effective retaliatory forces.

Aside from the military benefits derived from the Mutual Security Program, and aside from the advantages which our allies receive from it, the United States also receives direct economic benefits. According to reliable estimates, the program accounted in 1955 for the employment of a minimum of 600,000 people. These persons were employed in a variety of occupations ranging from agriculture to mining to manufacturing.

The district in Iowa which I have the honor to represent is largely agricultural and I am vitally interested in the welfare of the farmers. The Mutual Security bill is of paramount importance to farmers. For the period April 1948 through June 1956, it had accounted for the purchase in the United States of no less than \$1,702,000 in bread grains, and no less than \$562 million in coarse grains. In addition, the program resulted in the shipment broad of \$453 million in fats and oils alone. These shipments were made mainly through private channels of trade and were a boon to the farmers, to the railroads and their employees, and thousands of others.

The committee, in considering the legislation, went in to each item carefully and conscientiously, and finally approved the bill after reducing the authorization by a total amount of \$339 million from the original amount requested. This is the maximum figure it was felt could safely be eliminated from the total.

I am convinced the program is vital and necessary, and the House of Representatives should give it wholehearted support and vote for the full amount recommended in this bill.

(Mr. LeCOMPTE asked and was granted permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 12 minutes to the gentleman from Michigan [Mr. BENTLEY].

(Mr. BENTLEY asked and was granted permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, before I start my remarks I think I should join my colleagues in paying tribute to the gentleman from Illinois, the chairman of the committee [Mr. GORDON], and to one of the ranking members of the committee, the gentleman from Ohio [Mr. VORYS], who are leaving us this year. I think I should also include the gentleman who has just spoken, the gentleman from Iowa [Mr. LeCOMPTE], who will not be with us next year. All of these gentlemen will be missed very much.

Mr. Chairman, in any discussion of mutual-security legislation, I think it is of the greatest importance that all Members recognize the full impact of the pending bill upon which they will be called to vote in the next day or 2. In the first place, the membership should remember that the pending bill is nothing but a series of amendments to the basic mutual-security legislation, the Mutual Security Act of 1954, which contains a great many things not mentioned in the pending bill. I would like to refer to some of these at this time.

In the first place, no one should be under any illusions that mutual-security legislation has become anything but a permanent part of our foreign policy. Even if through some miracle the cold war were terminated tomorrow and Soviet communism were no longer the international threat that it is today, this administration or any administration in power would presumably still be requesting very large sums for the continuation of this legislation. As Secretary Dulles said during the course of our hearings:

As far as the economic aspect of the program is concerned, I would say that we ought to carry on that program, regardless of what the Soviets are doing (p. 209).

In other words, we are going to have at least the economic part of this program with us for as long as anyone can possibly foresee.

Now let us look at the basic legislation itself. Under section I B, entitled "Statement of policy," we find that it is the sense of the Congress that "those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this act." In other words, some of our allies ought to do more in the field of mutual security themselves. However, I find no reference in the committee report to any such efforts on the part of any of our allies. On the contrary, at least two of our stronger allies,

Germany and the United Kingdom, have actually reduced taxes during the past 4 years. There are at least four other NATO countries whose tax receipts as compared with their gross national product are inferior to our own.

Then under section 201 of the basic legislation, which refers to the Development Loan Fund, we find that it is the policy of the United States to minimize or eliminate barriers to the flow of private-investment capital and international trade. I mention this merely so that the Members will know that in voting for mutual-security legislation they are at the same time voting for a policy of either reducing tariff protection or eliminating it entirely. I shall have more to say later about the Development Loan Fund whose present capitalization, within the fiscal year limitation, is authorized to the total of \$1,125,000,000. Then we find under section 303 which pertains to technical cooperation, that such assistance shall be made available only where the President determines that the nation being assisted provides all necessary information concerning such program and gives the program full publicity. Just to mention one example, the membership may be interested to know that in the proposed fiscal 1959 program for Yugoslavia relating to economic assistance and technical cooperation, the objectives, the accomplishments, and the entire proposed program have been classified.

This would seem to me to be in direct violation of section 303 of the act.

Now I want to turn back to certain statements in the committee report that I believe should be touched on, statements of a policy nature. On page 3 of the report, in the first full paragraph, the sentence can be found which says:

Without the mutual security program our rights and all the present (overseas) bases would be jeopardized and the loss of some of them would be inevitable.

During the hearings I asked Secretary of Defense McElroy if there are certain overseas bases under which we presumably could continue to control regardless of whether or not we had a military assistance program. Mr. McElroy stated that we could definitely count on the British and Canadian bases and I assumed the same reason could apply to bases in areas such as Okinawa which are not definitely affected by our mutual security program. This is not to say Mr. Chairman that I do not subscribe to the importance of overseas bases and I think those parts of the program which are directly concerned to the bases can properly be justified, at least to my satisfaction. What I am saying is that a termination of this program tomorrow would not automatically remove all of our overseas bases from our position of control.

Where the program has appeared weakest to those of us in opposition has been with respect to the areas of administration and control. The committee itself has admitted that further tightening is necessary and on page 6 made the statement that—

A restriction on the funds available should lead to greater austerity in the types of assistance rendered to such countries.

If further restriction means further austerity and conversely improved administration and control, I should think all Members would be happy to vote for further cuts in this program.

The committee's report itself also criticizes the loss of congressional control through the overuse of these so-called illustrative programs. Again, I quote from the committee report which says that these programs "do not represent firm agreements between the United States and the recipient country as to what assistance is to be provided or complete specifications as to any construction to be undertaken." Even the committee itself suggests that no funds should be appropriated until the "processes of planning, organization and taking necessary legal and legislative action in the recipient country is further advanced than is the present practice." In other words, Mr. Chairman, you will find the presentation books on the committee tables full of illustrative programs which in no sense of the word represent firm commitments to spend the money in any particular fashion but merely are someone's ideas of how the taxpayers' money might be spent if it is authorized and appropriated. We have very detailed and graphic presentations of these programs but they represent no commitments on the part of either the administration or the recipient governments in any sense of the word.

Another phase of the program which gave us in the minority substantial concern was the overfunding of the so-called pipe line or the unexpended balances. By the end of fiscal 1958 these balances are expected to be \$5,100,000,000 on page 12 of the committee report. On the following page 13 they have suddenly risen to \$5,300,000,000. Assuming the lesser figure, however, we must add the new authorization requested of \$2,900,000,000, an additional appropriation request which was authorized last year of \$644 million, \$1,800,000,000 in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies and finally anticipated deposits during fiscal year 1959 of additional local currencies in the sum of \$1,400,000,000. This gives us a true picture of the pipeline which means that there will be therein in excess of \$12 billion consisting of \$8,800,000,000 in dollar currency and \$3,300,000,000 in local currency. Now I want to speak to two arguments which are often used by supporters of the program. The first is that the program itself has a very beneficial effect on our economy. It provides jobs for 600,000 workers and 80 percent of all dollars generated under the program are spent here in the United States. I think it can hardly be assumed that if the program were terminated the unemployment rolls would inevitably swell by 600,000 but let us admit the desirable impact at this time on our somewhat shaken economy. However, I would remind the committee that there is at least \$99 million included for the obtaining of military end items outside the United States. I do believe, however, that this program should in no sense be used to provide materials which could subse-

quently be offered for resale in the United States or for the production or manufacture of commodities which might subsequently be offered in the United States in competition with our own products and I expect to offer amendments to provide against the foregoing under the 5 minute rule. I also believe that all dollars loaned under the so-called development loan fund should be spent in this country in the first instance, with a possible exception of those to finance the production of needed strategic minerals and I have prepared an amendment in this instance as well.

Speaking of the development loan fund, you will often hear advocates of the bill saying programs of economic assistance, with the exception of technical cooperation, are now made in the form of loans rather than grants. I call the attention of the committee to the fact that the \$775 million authorization for defense support and the \$185 million authorization for special assistance, a total of \$960 million are for economic assistance in the form of grants. This fact should be kept in mind.

One final bit of information concerning this legislation which I am sure will be of interest to the committee is that section 502 (e) authorizes the United States National Commission for UNESCO to receive and accept services, gifts, and bequests provided they are not in excess of \$200,000 for any one year and further provides that such gifts are given to or for the United States for purposes of Federal taxes. I feel sure the committee would like to know that this bill permits such treatment for the purpose of taxation of gifts to the National Commission for UNESCO.

Mr. Chairman, I have touched briefly on several features of this legislation for the purpose of further informing the membership as to just what actually it contains. There are various features of the bill, such as technical cooperation and that part of military assistance directly related to our overseas bases, with which I have little fault to find. Speaking of military assistance, however, I do question the advisability of creating and maintaining such large standing armies in various parts of the world when we are entering an era of potential warfare in which conventional armies armed with conventional weapons would play little or no part. I do question the large sums spent for grant economic aid, particularly at a time when Government aid is needed so badly here at home for millions of American citizens. And I do question the basic history of this program which has been portrayed as necessary to gain and secure friends and allies throughout the free world in view of the developments which are well known to all of us. In this connection, I desire to read an editorial from the May 9 issue of the Detroit Free Press entitled "The Aid Program—Its Peddlers Try Scare Talk." All of us from Michigan are aware that the Detroit Free Press, a member of the Knight newspaper chain, can hardly be termed an isolationist organization.

THE AID PROGRAM—ITS PEDDLERS TRY SCARE TALK

Opposition developing in Congress on the administration's \$3.6 billion foreign-aid bill prompted an or else warning from the measure's backers.

Members of the House Foreign Affairs Committee said that termination or drastic curtailment of the foreign-aid program would inevitably mean that we would lose the cold war.

It is most difficult to take such a warning seriously. The bill, as the committee reported it, is for \$339 million less than the President originally requested. That is a tidy sum, but compared to the amount that is being proposed, it will be hard to convince most people that it means the difference between winning or losing the cold war.

Foreign-aid backers create the suspicion that they, themselves, are not entirely convinced of the validity of their arguments when they say further that the amount of proposed spending abroad would assure employment of 600,000 workers in the United States, and, conversely, if the appropriation is trimmed, somewhere up to 600,000 will be added to the rolls of the unemployed.

It is true that a substantial part of what we give to foreign nations consists of commodities grown, manufactured, or processed in the United States. But there is considerable room for argument as to whether huge expenditures of this nature are, in the long run, the healthiest thing either for the American economy or the American taxpayers who foot the bill.

Aside, however, from the domestic economic aspect of foreign aid, the threat of losing the cold war if it is cut down or out is not entirely impressive.

Many people, looking at the trend of things abroad, may be inclined to the opinion that if we are not losing the cold war, with or without monumental aid, we are certainly not winning it either.

Consider the amounts, in the past decade, that have been funneled into Europe, Asia, and South America. Then contemplate the actual progress we have made in many countries on those continents in building enthusiastic alliances and friendships, and in diminishing the spread of communism.

The current tour of South America by Vice President Nixon offers a case in point. We may not have done as much for our Latin American neighbors as we have for Europeans and Asiatics, but we have been generous.

Yet, Mr. Nixon, in country after country which he has visited, has been greeted by demonstrations which, if not actually hostile, are downright unfriendly. So-called students, which in most cases are Communist led mobs, have heckled him, and greeted him with just about everything except rotten eggs and dead cats. Thursday in Peru, he was assaulted by a stone-throwing mob.

These demonstrations hardly leave the impression of great love and friendship for the United States.

In Indonesia, to cite just another example, we have spent freely to help that country establish itself.

Yet in a very short space of time we have seen it moving closer and closer to Moscow. The same thing can be said of a good part of the Middle East.

What it adds up to is that there is not the faintest evidence, after the expenditure of billions of United States dollars, that it is possible to buy and hold a single friend.

Those of us in opposition to the program believe it could and should be cut further and that such action would strengthen rather than further weaken the program. We think that it has been badly overfunded, that military assistance is often given on an unrealistic

basis and that loss of control by the Congress under this program has resulted in continued administrative laxness. This is particularly true in respect to economic assistance, notably the development loan fund and therefore we believe that the basic means of reascertaining congressional control over this program is to reduce authorizations. Failing this, those of us who signed the minority report expect to oppose this program as unnecessary, unwise and unjustified at this time.

MINORITY REPORT

Since the year 1948 almost 49 billion tax dollars have been appropriated for foreign aid. The present bill authorizes an additional \$2.96 billion—the appropriation request in \$644 million more, including \$625 million for the Development Loan Fund which was authorized last year.¹ The executive branch this year requested \$3.298 billion. The reduction voted by the committee amounted to only \$339 million—a reduction far less than that voted in many other years.

These tax dollars have purchased neither friends nor the desired security. Despite the appropriation of this \$49 billion there has been no demonstration that the foreign-aid program has been successful in achieving a stable and secure world. Furthermore, the program has lacked consistency and direction. There has been notable laxities in the administration and in the expenditure of funds. We call once more for a consistent and well-reasoned approach to the entire problem of foreign aid. Because we are determined to meet the security needs of the United States, we continue to demand the reestablishment of congressional control and the elimination of inefficiency in administration.

Furthermore, some of us have repeatedly warned against the shortcomings of a policy based on the premise that friends can be bought, and events themselves are proving it to be a course of imprudence.

More than ever it is essential to point to the areas where savings can be accomplished and where operations can be tightened with better results and a consequent saving to the American taxpayer.

Paramount among the deficiencies in the mutual security bill for 1958 are overfunding and loss of congressional control over the foreign-aid program.

THE FOREIGN AID PROGRAM IS OVERFUNDED

The mutual security program is overfunded. It is estimated that as of June 30, 1958, there will be a total unexpended balance of \$5,194,922,000. To this the bill under consideration adds a new authorization of \$2,958,900,000. In addition, the appropriation request includes \$644,192,500 which was authorized last year. This will make a total dollar pipeline of \$8,798,014,500. There must also be added, however, a total of \$1,861,887,000 in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies. There must also be added the anticipated deposits during fiscal year 1959 of additional local currencies similar to those above of \$1,469,406,000. These sums when added together mean that there will be \$12,129,307,500 in the pipeline consisting of \$8,798,014,500 in dollars and \$3,331,293,000 in local currencies.

¹ The remainder of the \$644 million includes \$12.5 million pursuant to a continuing authorization for the Intergovernmental Committee for European Migration and \$6.7 million for State Department administrative expenses pursuant to a continuing authorization.

Although many of the local currencies cannot be used in precisely the same manner as dollars, local currencies could, if the effort were made, greatly reduce the request for additional dollar authorizations. To grant additional funds, when such huge sums are already available, is clearly unnecessary. Strenuous efforts should be made to use more efficiently funds in the pipeline, rather than to authorize additional billions.

THE POLICY UNDER WHICH MILITARY ASSISTANCE IS GIVEN SHOULD BE REVIEWED

There are many portions of the program, both economic and military, which have no relationship with United States bases or with the major deterrent power of the United States. Much of the equipment furnished under the military assistance program—which incidentally, is frequently obsolete and obsolescent—is by the executive branch's own admission used in countries in which there are no United States bases and in countries having no relation to the base complex. This equipment would have no effect against major Soviet aggression. In many instances the forces supported have no relation to our retaliatory forces or to our ability to withstand Soviet assault.

The lack of consistency in approach is highlighted by our continuing to furnish massive amounts of assistance to those who are either neutral or who lean toward the Soviet Union. In some cases our aid has been more substantial for neutrals than for our friends.

There has been overfunding of the program to meet marginal requirements such as the provision of military equipment having no relation to the capacity of the United States or of other nations to meet major Soviet aggression, and for the provision of assistance to neutrals or to those nations sympathetic with the Soviet Union. In view of this overfunding, it is apparent that the program should be critically examined. Such an examination has not been undertaken. The proper course is for the Congress to reduce further the authorizations for the foreign-aid program in order to eliminate the overfunding.

Much of our military assistance is beyond the capacity of the recipient nation to utilize. Even more fundamental it is frequently resented by the local populations as representing an effort by the United States Government to interfere in domestic policy. Much of the equipment is capable of being used by recipient governments for the subjection of the local populations or for use against friendly neighboring countries.

THE LOSS OF CONGRESSIONAL CONTROL OVER THE MILITARY ASSISTANCE PROGRAM CONTINUES

The year the bill authorizes \$1.64 billion for military assistance, a reduction of only \$160 million below the \$1.8 billion requested by the executive branch. The reduction in dollars, however, is more than offset by the creeping loss of congressional control over funds and administration.

Each year there is further shrinkage in the degree of control exercised by the Congress. This progressive loss of control of funds inevitably leads to loss of administrative control, which will be discussed later in this report. Last year the Congress authorized the appropriation of military assistance funds on a no-year basis; that is, funds would continue available until obligated without reference to fiscal years. This year the bill repeats last year's error of continuing funds available until obligated. Fortunately, however, when appropriations for last year were voted, the Congress regained a modicum of the control which it had abandoned. The appropriation bill provided that the funds would continue available, not indefinitely, but only until December 31, 1958. It is estimated—how realistically we cannot say—that \$25 million will be unobligated as of June 30,

1958. In this instance there is no incentive for the executive branch to make realistic estimates of unobligated funds. Even if there is an error in the hundreds of millions, the funds will still continue available until December 31, 1958. By the time the error may have been discovered, the Congress will have long since made new appropriations. The removal of a time limit on authorizations and appropriations has the inevitable effect of reducing the incentive for prudent management and reporting. Furthermore, we would inquire as to why, if only \$25 million is to be unobligated on June 30, 1958, it is necessary to retain in the legislation a provision that funds shall continue to be available indefinitely. If, as is claimed, management has been so improved that there are only small unobligated balances at the end of the fiscal year, there is no need for no-year funds. Finally, it should be pointed out that the use of the no-year technique removes a major segment of congressional control since final reports will not be in until long after Congress has adjourned.

The loss of congressional control over funding results in a loss of control over administration as well as policy. Originally, the military-assistance appropriations were by regions. Now there are lump-sum appropriations which specify nothing. If authorizations and appropriations are not delimited as to the use to which they can be put, then Congress has lost control and the administration of the funds granted can become progressively worse.

The inability by the Congress to control expenditures both on a regional basis and on a functional basis results in a loss of congressional control over foreign policy. Under the proposed legislation the \$185 million authorized for special assistance and \$100 million authorized for the contingency fund can be used for practically any purpose in almost any area of the world. In addition the President may transfer up to 10 percent of any appropriation made pursuant to any provision of the act (except for the Development Loan Fund) to any other provision of the act except that the provision to which the transfer is made may not be increased by more than 20 percent. Under the transferability provisions all restrictions on the use of funds are sharply reduced.

THE REPORTS BY THE COMPTROLLER GENERAL ILLUSTRATE THAT LOSS OF CONGRESSIONAL CONTROL RESULTS IN ADMINISTRATIVE LAXNESS

During the past 9 months the Comptroller General has released 12 reports on the military-assistance program, 1 covering operation of the program generally, another covering the Army's administration of its portion of the program, 1 covering redistribution of excesses, and the remainder covering individual country programs. Without exception, the Comptroller General, in each of these reports, criticized shipshod programming, faulty execution of military assistance, and the lack of long-range programming. These faults are attributable to relinquishment by the Congress of its control over the foreign aid program, and the previous failure by the Congress to insert legislative provisions compelling close adherence to reasonable standards of performance. Specifically, the Comptroller General found numerous instances where material was programed even though the material was already on hand in sufficient quantities in the recipient country or in a neighboring country in surplus quantities. He found instances of aircraft being delivered before the pilots had been trained. In another case, he found that vehicles were programed and radios for the vehicles were similarly programed. The radios remained on the schedule for delivery even after the vehicles had been deleted from the program. He also found that under the heading of

military assistance, band instruments and water coolers were programed for Turkey, and nylon stockings for Korea. The above are only a few of a huge catalog of deficiencies in programming and administration found by the Comptroller General. Other instances could be given but much of this information has been classified by the Department of Defense.

We were alarmed at the following statement by the Comptroller General:

"At the time of our review, the military assistance program had never been subject to a systematic and continuous internal audit and management review. No group within the Department of Defense had been assigned responsibility for such an audit" (hearings, p. 39, pt. 1).

In view of our repeated criticisms over the years of the administrative deficiencies in the foreign aid program, it is disturbing that an overall audit has only been initiated within the last 6 months.

The Comptroller General further recommended that the executive branch engage in long-range planning for the military assistance program. The Comptroller General's plan is reasonable. He recommends that the executive branch project planning a few years into the future in order to evaluate operations on an annual basis.

The Comptroller General stated:

"Mr. Chairman, yesterday in my statement I mentioned seven major basic findings and recommendations and I believe we have put in the record an expansion on the first recommendation and also on the seventh.

"The following remarks relate to the second item. That is the need for development of long-range program plans.

"At the time of our review, no estimates had been developed of the aggregate long-range costs of equipping, maintaining, and modernizing allied military forces or otherwise achieving United States objectives in the countries being supported. Therefore, the Congress had no direct way of relating annual appropriation requests to overall program costs or of evaluating program accomplishments in relation to plans presented in earlier years.

"The National Security Council and the Department of Defense have indicated that continued support of all force objectives, worldwide, will probably require United States resources beyond those likely to be available for such purposes. However, we have not found any evidence that the objectives were being systematically analyzed and found to be within the limit of available resources and not excessive for the accomplishment of the United States purposes before these objectives are accepted as the bases for military assistance.

"Although continued support of all current foreign military force objectives may, in the aggregate, require funds over and above those likely to be available, it is not clear at what time and in what manner these objectives will be brought into harmony with likely availabilities.

"We believe that a determination should be made as to whether the aggregate costs are within the long-range capability of the United States and are not excessive for accomplishment of United States objectives.

"Otherwise, the United States will be faced at some stage with the problem of having equipped forces which the United States on a worldwide basis is unwilling to support or is incapable of supporting and which, if they are not maintained by the United States, the country or countries involved cannot or will not support.

"So far as we have been able to determine, the budget justification being submitted by the executive agencies for funds to carry out the military-assistance program do not contain estimates of the long-range costs of

achieving United States objectives in the individual countries being supported.

"In summary, we believe that major policy decisions with respect to the aid programs for individual countries, and in the aggregate, can best be arrived at if the financial implications of alternative courses of action are recognized, and that the development of long-range program costs will assist in providing this information.

"We recognize that the world situation is dynamic, and that no absolute figure for future foreign aid can be established and adhered to rigidly. Changes in technology, in the economic or political capabilities of other countries, and in United States purposes throughout the world will affect directly the level of aid.

"However, we do not believe that these considerations should keep the executive agencies from analyzing the future financial implications of presently approved programming goals, and from developing their annual budget requests within the framework of such analyses.

"As additional objectives are established, the estimated costs of their accomplishment would be taken into consideration and allowance made for their impact on the presently established goals" (hearings, pp. 37-38, pt. 1).

Even this modicum of control is resisted by those engaged in operating the military assistance program.

An even more fundamental deficiency found by the Comptroller General, however, is the presence in the military assistance program of unrealistic force objectives. Equipment is being programed for units which the recipient nation can never support. The only inference to be drawn from the Comptroller General's report is that under the existing system of military assistance we will be expected to support those units and the countries to which they belong indefinitely and with no prospect of an improvement of the situation. In some countries force objectives far exceed financial capability and manpower resources. Such deficiencies in programing and administration should be corrected by the Congress. Nothing in the present legislation attacks the problem. Perhaps a deeper cut into the military assistance program might lead to better management.

The minority commends the Comptroller General for the appropriate study which he has made.

CONGRESS HAS LOST ITS CONTROL OVER ECONOMIC ASSISTANCE

The House Government Operations Committee has pointed to the deficiencies in that category of aid known as defense support. We wish to underline their comments. The Congress has been misled and the American public has been misled under the guise of "defense support." The report stated:

"1. The definition of 'defense support,' the largest single element in the mutual security program other than 'military assistance,' is interpreted so broadly by the executive branch that it is virtually impossible to determine whether or not an expenditure made under it is in accordance with legislative intent.

"2. Executive branch witnesses, in last year's appearances before the authorizing and appropriations committees, consistently gave the impression that substantial defense support funds were to be expended in direct support of host country military budgets,

when actually only a small portion of the funds were so employed.

"8. To the extent that economic development is disguised as 'defense support,' a term which implies a military purpose, the Congress and the public are being misled." (H. Rept. No. 1374, pp. 1-2).

Dams have been built which furnish no electricity; roads have been built that lead to nowhere; and vast sums of money have been poured into projects which do not have any economic justification, let alone a defense justification. There is proven waste in defense-support spending in Iran, in Korea, in Vietnam, and in countless other nations, and yet this bill does little to strengthen congressional control over the programing and expenditure of these funds.

The Comptroller General has repeatedly criticized the failure to present detailed justifications for projects contemplated to be carried out with our economic aid. He has repeatedly criticized the technique of the so-called illustrative programs. When these programs are presented, Congress does not know how the funds will actually be used.

Once more in this bill defense support and technical cooperation are authorized on the basis that the funds appropriated are to continue available until expended. The deficiencies inherent in the use of no-year authorizations and appropriations have been pointed out previously. Lack of a limitation on the authorizations and on the appropriations means that the executive branch can, in effect, build up a bank of foreign-aid funds over which the Congress has no control. As in the case of funds for military assistance, there is no incentive for prudent management.

We commend the inclusion of the new section 517, which requires that detailed planning be undertaken prior to obligation and that funds obligated for a project be used for that project and no other.

We urge that more emphasis be put upon the technical-assistance program. We further recommend that more consideration be given to Latin America.

CONGRESS HAS NO CONTROL OVER THE ACTIVITIES OF THE DEVELOPMENT LOAN FUND

Last year we seriously questioned the proposed composition of the Development Loan Fund and the policy of making soft loans under the Development Loan Fund. We criticized the proposed borrowing from the United States Treasury and the technique of advance authorizations. Our predictions of the loss of congressional control have come true. This year Congress is not even able to pass on the authorization for the Development Loan Fund, since last year we handed the executive branch a postdated blank check for \$625 million for fiscal year 1959. We have had no opportunity to review plans or proposals. All we have learned is that \$75 million has been lent to India with repayment to be made in rupees and that an additional \$51,650,000 will probably be lent to various countries in the near future. The Congress has had no opportunity to review these proposals in advance, nor will the Congress at any time have an opportunity to pass on any operations of the Development Loan Fund. This occurs because the committee has already authorized no less than \$1.125 billion for the Fund.

THE BEST MEANS OF REASSERTING CONGRESSIONAL CONTROL OVER THE FOREIGN AID PROGRAM IS TO REDUCE AUTHORIZATIONS

Since the foreign aid program is not the subject of a country-by-country or function-by-function authorization, the only recourse left to the Congress is to reduce drastically authorizations and appropriations and thereby compel the executive branch to reevaluate its programs and to eliminate those which are overfunded. The power of the purse is the only real power still left to Congress. It must be exercised with vigor and intelligence. This is the most effective way that the House can make its voice heard in foreign policy.

The accompanying map illustrates the extent of United States commitments to other nations.

To illustrate the cost to the American people there follows a summary of tables prepared by the Legislative Reference Service of the Library of Congress showing the distribution of United States grants and credits by function and by country.

The figures given are for the period July 1, 1945, through June 30, 1957. None of the country figures include military assistance since military assistance figures are not broken down by country but are reported on a geographical basis only. Consequently, the country tables for grants reflect only economic and technical assistance. Furthermore, there are excluded from the present tables transactions by and with the International Bank, the International Monetary Fund, and the International Finance Corporation.

For the purpose of these tables, grants are transfers for which no repayment is generally expected, but might involve an obligation on the part of the receiver to extend aid to the United States or other countries to achieve a common objective. Similarly, for the purpose of these tables credits are loan disbursements or transfers under agreements for specific repayments over a period of years, usually with interest. In some instances aid has been given under grants with the understanding that a decision as to repayment would be made at a later date. When such a decision for repayment is made a credit is established. As a rule such credits are not deducted from the grants recorded in previous periods. Only after the agreement for repayment is signed is an adjustment made from grants to credits.

Credits to individual countries include loans to private entities in the country specified. Thus, loans to Canada represent credits extended solely to private interests.

Country data include Government grants of agricultural surpluses through American private-welfare agencies, churches, and international organizations. These agencies undertook the distribution of such surpluses as part of their overseas missionary commitments.

In table V the difference between utilization and net authorization is the amount of credit or loan not yet disbursed or drawn down by the borrowing country. Totals for principal repayments and amounts outstanding on June 30, 1957, should correspond to the utilization; differences are the totals written off as uncollectible. Since 1940 this item has involved an amount of only \$8,339,000 in a net utilization of \$16,535,502,000.

TABLE I.—Foreign grants, by program, postwar period, July 1, 1945–June 30, 1957

[In thousands of dollars]

Programs	Total post-war period	Fiscal year 1956	Fiscal year 1957	Programs	Total post-war period	Fiscal year 1956	Fiscal year 1957
Military and all other economic grants, total.....	53,236,997	4,803,222	4,193,683	International agencies—Continued			
Mutual security.....	38,726,829	4,552,314	3,943,780	Refugees.....	240,766		
Military aid.....	18,475,279	2,990,293	2,365,779	Children.....	130,140	8,363	14,198
Other aid:				Post-UNRRA.....	298,748		
Economic and technical aid.....	19,491,284	1,422,128	1,433,167	Interim aid.....	555,684		
Famine and other relief:				Lend-lease:			
Wheat for Pakistan.....	67,403			Military (China).....	679,073		
Other famine relief.....	9,375			Postwar pipelines.....	1,227,061		
Under Agricultural Trade Act.....	260,616	92,557	81,318	Greek-Turkish aid:			
Chinese-Korean student aid.....	7,429	6	1	Military.....	530,203		
International agencies:				Other.....	122,484		
Movement of refugees.....	61,765	10,586	21,419	Philippine rehabilitation.....	634,575		
Multilateral technical aid.....	91,080	14,972	15,598	Donations through private welfare.....	601,872	184,513	161,932
Palestine relief.....	169,722	22,772	26,500	Military equipment loans.....	366,413	36,259	45,597
U. N. Korean Reconstruction Agency.....	92,876			Chinese naval aid.....	141,394		
Civilian supplies:				Chinese military aid.....	119,732		
Relief in Korea.....	442,470	5,376	2,704	Chinese stabilization.....	119,594		
GARIOA funds.....	5,279,100	1,559	805	Foot-and-mouth-disease eradication.....	93,891		
From lend-lease supplies.....	134,444			Other technical aid.....	51,378		
International agencies:				Inter-American and other highways.....	46,053	5,953	15,977
UNRRA.....	2,588,659			Trust territory aid.....	32,529	4,885	4,690
				Yugoslav aid.....	37,500		
				Berlin investment fund.....	12,857		
				Through American Red Cross.....	10,435		
				Libyan special purpose funds.....	13,000	4,000	4,000
				Reconstruction Finance Corporation.....	53		

1 Credit.

Source: Library of Congress, Legislative Reference Service.

TABLE II.—Foreign grants, by country, postwar period, 12 fiscal years, July 1, 1945–June 30, 1957

[In thousands of dollars]

Country and program	Total post-war period	Fiscal year 1956	Fiscal year 1957	Country and program	Total post-war period	Fiscal year 1956	Fiscal year 1957
Total (military and economic).....	53,236,997	4,803,222	4,193,683	India.....	272,561	80,974	53,801
Breakdown of economic aid only.....	34,761,718	1,812,929	1,827,904	Indochina (3 states).....	878,173	235,680	333,905
Argentina.....	282		84	Cambodia.....	82,860	27,643	40,702
Bolivia.....	72,953	18,053	23,182	Laos.....	114,656	37,260	48,949
Brazil.....	44,070	5,969	17,043	Vietnam.....	570,346	168,163	244,205
Chile.....	14,287	2,166	2,622	Unspecified (all 3 states).....	110,311	2,614	49
Colombia.....	12,812	3,351	3,333	Indonesia.....	128,012	7,401	9,391
Costa Rica.....	19,578	2,402	4,581	Iran.....	237,963	29,326	49,674
Cuba.....	2,237	468	521	Iraq.....	11,504	3,096	2,585
Dominican Republic.....	2,432	537	210	Ireland.....	18,346		
Ecuador.....	12,147	2,058	1,869	Israel.....	265,850	20,169	15,955
El Salvador.....	7,040	1,357	1,356	Italy and Trieste.....	2,675,895	64,559	49,053
Guatemala.....	50,797	16,393	19,023	Italian Somaliland.....	438	43	395
Haiti.....	19,776	6,141	4,315	Japan and islands.....	2,604,373	17,298	22,590
Honduras.....	8,998	1,249	2,247	Japan.....	2,378,797	15,384	18,192
Mexico.....	107,397	1,048	1,691	Ryukyu and other islands.....	225,563	1,914	4,398
Nicaragua.....	14,116	2,145	2,410	Jordan.....	37,928	5,674	8,738
Panama.....	15,116	3,142	4,179	Korea.....	1,834,248	320,813	308,455
Paraguay.....	11,127	1,865	2,018	Lebanon.....	21,996	3,730	4,740
Peru.....	29,049	6,235	9,354	Liberia.....	8,561	1,553	1,554
Uruguay.....	2,447	297	259	Libya.....	49,969	12,841	21,970
Venezuela.....	2,340	138	133	Morocco.....	2,764	246	1,951
Other Latin America:				Nepal.....	5,606	999	1,905
Organization of American States.....	6,667	1,022	1,671	Netherlands Union.....	915,554	1,120	3,766
Pan-American Sanitary Organization.....	1,500		1,500	Netherlands.....	914,538	874	3,299
Military supplies and services.....	377,729	38,040	61,710	Netherlands New Guinea.....	23	23	
Other mutual security aid.....	9,830	770	1,169	Surinam.....	993	223	467
Technical aid.....	3,836			New Zealand.....	2,300		
Reconstruction Finance Corporation.....	1,316			Norway.....	236,991	1,938	509
Afghanistan.....	8,175	1,583	3,899	Pakistan.....	275,825	99,884	54,114
Albania.....	20,444			Palestine.....	175		
Australia.....	12,539			Philippines.....	788,861	18,006	24,752
Austria.....	1,064,928	8,558	2,865	Poland.....	364,978		
Belgium-Luxembourg.....	582,855	1,434	80	Portugal and possessions.....	30,623	2,919	11,996
Belgian Congo.....	32	16	14	Portugal.....	30,140	2,731	11,923
Burma.....	21,262	438	306	Portuguese Africa.....	81	61	20
Canada.....	2,394			Portuguese India.....	402	127	53
Ceylon.....	6,050	130	5,812	Rhodesia and Nyasaland.....	1		
Czechoslovakia.....	185,827			Saudi Arabia.....	4,252	69	13
Denmark.....	247,635	94	1	Spain and Canary Islands.....	241,022	79,075	124,396
Egypt.....	63,776	29,131	6,948	Spain.....	241,006	79,062	124,396
Ethiopia.....	13,645	3,088	3,762	Canary Islands.....	16	16	
Finland.....	3,522	979		Sudan.....	6	6	
Formosa (China-Taiwan).....	2,297,800	97,078	97,942	Sweden.....	87,143		
French Union.....	4,396,915	215,598	62,628	Switzerland.....	1,803		
France.....	4,395,377	2,526	61,526	Syria.....	1,080	77	54
French Guiana.....	56		56	Tangier.....	17		
French West Africa.....	197	13	184	Thailand.....	86,560	25,134	34,742
French West Indies.....	95	17	78	Tunisia.....	6,931	66	6,582
Other French Africa.....	337	299	38	Turkey.....	593,205	86,717	82,072
Germany—East.....	17,339	144	21	U. S. S. R.....	465,434		
Germany—Federal Republic.....	3,823,967	43,689	26,652				
Ghana.....	239	164	65				
Greece.....	1,719,446	43,802	39,571				
Hungary.....	10,021		10,166				
Iceland.....	30,150	211	391				

Footnotes at end of table.

TABLE II.—Foreign grants, by country, postwar period, 12 fiscal years, July 1, 1945–June 30, 1957—Continued

[In thousands of dollars]

Country and program	Total postwar period	Fiscal year 1956	Fiscal year 1957	Country and program	Total postwar period	Fiscal year 1956	Fiscal year 1957
United Kingdom and dependencies.....	3,813,902	31,673	41,796	Yugoslavia.....	780,454	43,498	45,241
United Kingdom.....	3,798,179	25,904	34,848	Trust Territories (Caroline, Mariana, and Marshall Islands).....	36,973	4,885	4,680
Aden.....	6		6	International organizations:			
Bahamas.....	127	68	59	European Payments Union.....	238,084		
British Borneo.....	366	173	150	European Productivity Agency.....	2,000	1,000	250
British East Africa.....	163	90	73	Intergovernmental Committee for European Migration.....	53,665	9,386	14,519
British Guiana.....	333	136	122	Intergovernmental Committee on Refugees.....	3,650		
British Honduras.....	562	358	125	International Refugee Organization.....	237,116		
British Leeward and Windward Islands.....	611	62	448	OEEC.....	1,500		1,500
Gambia.....	84	34	50	United Nations.....	267,235	36,922	52,337
Hong Kong.....	8,929	2,605	4,334	United Nations Children's Fund.....	130,140	8,363	14,198
Jamaica.....	1,548	804	741	Unspecified areas, regional:			
Malaya.....	911	326	219	Asia and Pacific ¹	3,752,371	702,128	665,311
Malta.....	1,646	1,002	313	Europe ²	12,478,908	1,844,332	1,225,103
Nigeria.....	88	42	38	Near East, Africa, and South Asia ³	2,157,391	388,706	395,336
Sierra Leone.....	13	6	6	Other areas ³	468,379	52,117	76,142
Singapore.....	55	46					
St. Helena.....	18		18				
Trinidad and Tobago.....	116		116				
Unspecified British Africa.....	147	17	130				

¹ Credit.² Repaid.³ Includes military assistance.

Source: Library of Congress, Legislative Reference Service.

TABLE III.—Reverse grants and returns on grants, by country, total postwar period, July 1, 1945–June 30, 1957

[In thousands of dollars]

Country	Total postwar period	Fiscal year 1956	Fiscal year 1957	Country	Total postwar period	Fiscal year 1956	Fiscal year 1957
Total.....	1,724,127	76,441	76,853	Greece.....	79,266	2,577	197
American Republics.....	53,780	43	85	Iceland.....	1,777		
Brazil.....	52,880			India.....	28,611		
Bolivia.....	28		23	Indochina.....	10,989	1,840	2,238
Chile.....	78			Cambodia.....	322	57	201
Colombia.....	154			Laos.....	29	29	
Cuba.....	48			Vietnam.....	4,262	1,754	2,037
Dominican Republic.....	205	43	62	Unspecified.....	6,375		
Ecuador.....	29			Indonesia.....	5,106	83	61
Haiti.....	7			Iran.....	7,878		
Honduras.....	30			Iraq.....	359	155	62
Mexico.....	73			Ireland.....	910		
Nicaragua.....	34			Israel.....	458		
Paraguay.....	7			Italy-Trieste.....	87,189	1,482	1,329
Peru.....	117			Japan.....	3,947	1,585	1,062
Uruguay.....	66			Jordan.....	63		
Venezuela.....	24			Korea.....	17,926	8,854	
Australia.....	20,000			Netherlands.....	54,424	238	379
Austria.....	53,942	2,973	11	Norway.....	24,279	561	545
Belgium-Luxembourg.....	7,480	1,208	488	Pakistan.....	9,652	2,022	3,211
Burma.....	625			Philippines.....	4,942	860	821
Canada.....	3,964			Poland.....	110		110
Czechoslovakia.....	173			Portugal.....	3,791	281	296
Denmark.....	16,318	200	324	Spain.....	102,409	37,023	54,900
Egypt.....	58		58	Thailand.....	4,990	873	963
Ethiopia.....	433	152	175	Turkey.....	33,386	3,634	6,556
Formosa (China-Taiwan).....	72,662	282	1,346	U. S. S. R.....	39,204	28	
France.....	242,283	1,977	1,229	United Kingdom.....	530,592	1,404	599
Germany.....	80,544	3,073	1,058	Yugoslavia.....	27,105	3,033	454

¹ Credit.

Source: Library of Congress, Legislative Reference Service.

TABLE IV.—Foreign credits utilized, by country, total postwar period July 1, 1945, to June 30, 1957

[In thousands of dollars]

Country	Total postwar period	Fiscal year 1956	Fiscal year 1957	Country	Total postwar period	Fiscal year 1956	Fiscal year 1957
Total.....	15,280,299	475,053	431,453	Afghanistan.....	38,534	6,100	8,700
American Republics.....	1,487,768	86,579	152,809	Australia.....	14,188		
Argentina.....	101,675			Austria.....	34,783	1,527	3,148
Bolivia.....	42,506	3,860	1,041	Belgium-Luxembourg and Congo.....	239,522		
Brazil.....	690,468	38,741	76,550	Belgium.....	234,972		
Chile.....	126,449	200	4,703	Luxembourg.....	3,000		
Colombia.....	62,439	341	1,106	Belgian Congo.....	1,550		
Costa Rica.....	6,882	3,961	2,220	Burma.....	5,043		
Cuba.....	35,341		8,851	Canada.....	163,283	2	66
Ecuador.....	34,052	5,988	4,360	Ceylon.....	1		1
El Salvador.....	634		58	Czechoslovakia.....	29,583		
Guatemala.....	2,179	440	1,606	Denmark.....	56,680	2,316	23
Haiti.....	24,505	8,004	1,410	Egypt.....	23,649		5,715
Honduras.....	236	14		Ethiopia-Eritrea.....	5,799		2,400
Mexico.....	250,584	10,220	13,695	Finland.....	126,102		
Nicaragua.....	674	69	14	Formosa (China-Taiwan).....	264,141	17,842	16,942
Panama.....	4,000			French Union.....	2,471,166	1,429	1,211
Paraguay.....	4,335	158	3,383	France.....	2,464,616	1,429	1,211
Peru.....	64,771	10,188	32,986	Algeria.....	680		
Uruguay.....	11,554			French Equatorial Africa.....	4,368		
Venezuela.....	17,743	4,276	166	New Caledonia.....	1,501		
Unspecified.....	6,741	143	646				

TABLE IV.—Foreign credits utilized, by country, total postwar period July 1, 1945, to June 30, 1957—Continued

(In thousands of dollars)

Country	Total postwar period	Fiscal year 1956	Fiscal year 1957	Country	Total postwar period	Fiscal year 1956	Fiscal year 1957
Germany.....	1,346,586	90	918	Portugal and Angola.....	53,669	2,547	53
Greece.....	140,285	22,992	2,633	Rhodesia and Nyasaland.....	60,686	10,965	6,978
Hungary.....	15,917			Saudi Arabia.....	19,112		
Iceland.....	6,214		554	Spain.....	121,499	32,398	10,039
India.....	227,226	22,351	27,515	Sweden.....	24,200		
Indochina-Vietnam.....	25,000	25,000		Syria.....	102	102	
Indonesia.....	154,102	8,782	4,300	Thailand.....	17,467	504	9,707
Iran.....	89,965	12,359	13,225	Turkey.....	169,004	24,574	15,606
Iraq.....	1,044		155	Union of South Africa.....	147,066	21,526	16,029
Ireland.....	128,200			U. S. S. R.....	222,495		
Israel.....	188,035	28,952	18,642	United Kingdom and dependencies.....	4,806,567		
Italy.....	454,668	641	12,550				
Japan.....	717,136	117,402	101,684	United Kingdom.....	4,782,428		
Korea.....	24,928			British East Africa.....	2,394		
Lebanon.....	1,550			British Guiana.....	128		
Liberia.....	26,837	1,300	2,250	British Honduras.....	13		
Morocco.....	18,369	31		Jamaica.....	20,930		
Netherlands.....	436,035			Nigeria.....	674		
New Zealand.....	17,435	13,063	40				
Norway.....	140,008		4	Yugoslavia.....	55,900		
Pakistan.....	67,971	8,520	43,646	Trust Territory of the Pacific Islands.....	402	394	8
Philippines.....	147,027	4,766	8,932	European Coal and Steel Community.....	100,000		
Poland.....	77,720			United Nations headquarters loan.....	65,000		

1 Credit.

Source: Library of Congress, Legislative Reference Service.

TABLE V.—Net foreign loans and other credits, by country, period July 1, 1940–June 30, 1957¹—Utilizations, repayments, and totals outstanding on June 30, 1957

(In thousands of dollars)

Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1957	Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1957
Total.....	19,027,060	16,535,502	4,980,254	11,546,909	Hungary.....	15,917	15,917	4,377	11,540
American Republics.....	2,734,465	1,879,065	936,532	940,209	Iceland.....	17,477	6,804	881	5,923
Argentina.....	262,065	102,065	36,839	65,226	India.....	728,106	358,781	103,026	253,026
Bolivia.....	47,042	47,016	10,472	34,622	Indochina-Vietnam.....	50,000	25,000		25,000
Brazil.....	1,164,496	786,160	314,338	471,791	Indonesia.....	195,770	158,102	20,601	137,501
Chile.....	197,033	148,916	86,921	61,995	Iran.....	153,591	90,427	10,678	79,749
Colombia.....	94,918	84,875	64,383	20,463	Iraq.....	1,374	1,044	910	134
Costa Rica.....	23,546	14,057	2,428	16,629	Ireland.....	128,200	128,200	974	127,226
Cuba.....	82,398	81,020	60,176	20,843	Israel.....	206,288	188,035	21,894	166,141
Dominican Republic.....	3,284	3,284			Italy.....	527,909	468,045	219,941	248,104
Ecuador.....	47,935	39,619	11,330	28,286	Japan.....	793,169	717,136	558,055	159,082
El Salvador.....	1,581	1,534	1,483	50	Korea.....	24,928	24,928	3,978	20,950
Guatemala.....	2,354	2,178	338	1,841	Latvia.....	11	11		
Haiti.....	37,891	34,825	7,569	27,255	Lebanon.....	1,550	1,550	1,550	
Honduras.....	5,878	1,131	1,120	11	Liberia.....	44,773	30,171	5,647	24,524
Mexico.....	366,656	266,351	151,862	114,431	Libya.....	3,500			
Nicaragua.....	7,588	5,325	4,994	330	Morocco.....	38,369	18,369	14,588	3,781
Panama.....	21,368	6,488	5,626	862	Netherlands.....	472,172	472,172	214,772	257,400
Paraguay.....	17,250	9,740	6,079	3,602	New Zealand.....	20,525	17,435	3,264	14,171
Peru.....	161,301	64,772	8,050	56,721	Norway.....	140,835	140,835	59,152	81,595
Uruguay.....	19,448	18,640	11,077	7,553	Pakistan.....	103,136	67,971	11,172	56,799
Venezuela.....	27,828	22,887	19,099	3,516	Philippines.....	229,733	147,027	67,584	79,443
Unspecified.....	142,605	138,184	129,063	9,121	Poland.....	111,268	81,268	24,846	56,422
					Portugal and Angola.....	58,486	55,035	4,769	50,234
Afghanistan.....	51,684	38,534		38,534	Portugal.....	58,317	54,917	4,732	50,185
Australia.....	22,559	22,559	14,709	7,851	Angola.....	168	118	37	50
Austria.....	78,148	34,783	27,677	7,106	Rhodesia and Angola.....	60,686	60,686	7,585	53,101
Bahrain.....	17,048	17,048	17,048		Saudi Arabia.....	31,826	31,826	12,037	19,789
Belgium-Luxembourg and Congo.....	239,522	239,522	102,214	137,308	Spain.....	140,710	135,180	40,195	94,984
Belgium.....	234,972	234,972	100,582	134,390	Sweden.....	28,311	28,311	9,006	19,305
Luxembourg.....	3,000	3,000	82	2,918	Syria.....	102	102	52	50
Belgium Congo.....	1,550	1,550	1,550		Thailand.....	29,593	17,467	6,617	10,850
Burma.....	\$47,343	\$5,043	\$3,303	\$1,740	Tunisia.....	2,500			
Canada.....	198,695	196,070	195,600	470	Turkey.....	205,300	169,004	40,277	128,727
Ceylon.....	2,500	1		1	Union of South Africa.....	152,855	147,066	24,395	122,671
Czechoslovakia.....	30,377	30,377	25,507	4,870	U. S. S. R.....	222,495	222,495		222,495
Denmark.....	56,687	56,681	9,472	47,208	United Kingdom and dependencies.....	5,741,316	5,241,316	814,171	4,426,714
Egypt.....	25,464	23,649	15,759	7,890	United Kingdom.....	5,716,709	5,216,709	804,676	4,412,033
Ethiopia-Eritrea.....	31,757	10,157	3,789	6,368	British East Africa.....	2,394	2,394	421	1,973
Finland.....	152,213	152,314	61,776	90,538	British Guiana.....	128	128		128
Formosa (China-Taiwan).....	407,858	382,642	195,336	187,306	British Honduras.....	482	482	51	
French Union.....	2,483,954	2,471,165	793,517	1,676,151	Jamaica.....	20,930	20,930	8,349	12,581
France.....	2,477,405	2,464,616	792,688	1,671,928	Nigeria.....	674	674	674	
Algeria.....	680	680	204	476	Yugoslavia.....	79,900	55,900	8,889	46,793
French Equatorial Africa.....	4,368	4,368	472	3,747	Trust Territory of the Pacific Islands.....	402	402	126	276
New Caledonia.....	1,501	1,501	154		European Coal and Steel Community.....	100,000	100,000		100,000
Germany.....	1,359,706	1,346,591	203,366	1,143,225	United Nations Headquarters.....	65,000	65,000	9,000	56,000
Greece.....	158,900	140,285	49,626	89,637					

¹ Included in the credits since 1940 are data for Export-Import Bank activity during the period February 12, 1934, through June 30, 1940.

Source: Library of Congress, Legislative Reference Service.

CONCLUSION

Despite this extension of our interest and unwonted generosity, there has developed among recipient nations no adequate understanding of our fundamental American purpose; no sufficient comprehension that we have undertaken a mutual effort to help men live and govern themselves in terms of freedom, equality, human dignity, and peace. There has, in fact, been little or no mutuality to the program. Merely voting more dollars for the continuation of such a program is not enough. What is needed is a more consistent policy, better programing, much better administration; and, what is more important, a complete review of the fundamental policy. To continue, without new direction or directives, a program that has been tried and found wanting is as dangerous as it is ineffective. This minority, which is second to none in its desire to maintain the security and peace of this country and of the world, has long held that the concept of mutual security, the implementation thereof, and the annual enabling legislation should be reviewed and revised. We again call for a review of the program and of the underlying policy.

In view of this, in view of the fact that Congress has failed to reassert its control over the mutual security program, in view of the failure of the justifications for the program to measure up to critical analysis, in view of administrative laxness in carrying out the program, and in view of the needless authorization of billions of dollars when the pipeline already contains billions, we cannot support the mutual security bill for 1958.

J. L. PILCHER.
MARGUERITE STITT CHURCH.
E. ROSS ADAIR.
ALVIN M. BENTLEY.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I am glad to yield to the gentleman.

Mr. NICHOLSON. I think it is a shame there are not more Members here to listen to the gentleman from Michigan and what he is saying. When the gentleman is through I think I shall raise the point of no quorum, because these things should be listened to.

Mr. BENTLEY. We have these programs in the presentation statements at the committee table, very meager presentations of representative programs.

Another phase of the program that gave us in the minority substantial concern is the so-called pipeline of unexpended balances.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I shall be glad to.

Mr. CURTIS of Missouri. Can the gentleman tell us if the Foreign Affairs Committee goes over the details of these programs or do they just have to take these illustrative programs? Are any of the programs followed out in detail?

Mr. BENTLEY. I would say to the gentleman from Missouri that the program is so great there is not a detailed review by the committee. It is a very difficult matter. I think the committee admits it has been difficult to follow these programs adequately or appropriately. I cannot answer the gentleman specifically but I will be glad to yield at this time to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. I think what the committee does is a spot check. As the gen-

tleman says, the program is of such an enormous spread and complexity that we have to rely heavily upon our officials.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield further?

Mr. BENTLEY. I yield.

Mr. CURTIS of Missouri. I would like a fuller explanation of this, but not necessarily on the gentleman from Michigan's time, because there is a great deal more that should be said. For example, one of the arguments against putting Public Law 480 funds under the Appropriations Committee was that we could not afford to tighten them down and review them in this fashion, creating the assumption on my part that the Congress did review these annual programs. I am really concerned to find that this is the case. It is no wonder, in my judgment, why we have so much abuse.

Mr. BENTLEY. As the gentleman from Ohio said, the committee membership and the committee staff is not adequate to do anything more than make a spot check on this.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

SPEED UP MERRIMACK RIVER FLOOD-CONTROL PROJECT

(Mr. LANE asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. LANE. Mr. Speaker, there were heavy snows in the White Mountains of New Hampshire this winter. Over 12 inches of runoff are waiting for a few mild, sunny days to release them in a flow that the Merrimack River may not be able to contain.

March 20 was the anniversary of the destructive floods of 1936.

We who live within the drainage basin of the river become apprehensive at this time each year, fearing a repetition of that disaster.

The United States Army Corps of Engineers has estimated that losses would exceed \$74 million in New Hampshire, and \$140 million in Massachusetts, if the floods of 1936-38 were to sweep through the valley again.

Only 1 reservoir, and that was built in 1946, has been provided to give us only token protection against the flood potential that threatens us each year.

The Federal Government has taken further cognizance of the danger, but it is moving too slowly toward construction of the Hopkinton-Everett Reservoir that will draw off excess water from the Merrimack in time of danger and give us adequate protection from floods.

Every conceivable excuse for delay has been exhausted.

Every time-consuming technicality has been solved.

The only obstacle remaining is the failure to provide the substantial appropriation that is needed to expedite construction of this project.

Under the present agonizingly slow schedule which was almost brought to a halt by the false economy mood of last year, the 2 reservoir dams at Hopkinton, N. H., will not be completed until 1964.

The weather may not adjust itself to these plans.

Last summer, after many years of effort to secure Federal action on this project, the sum of \$600,000 was finally appropriated for planning and land acquisition. This was a timid start on a project that will require \$34 million to complete, a project that is beyond the debating stage since it has been approved, a project that must be pushed forward with all possible speed for the protection of life and property in the many industrial communities that line the banks of the Merrimack.

This is not a public-works project conceived in haste and without thought for the purpose of providing employment and thus helping to change the economic downtrend into an upturn, although it will in some measure help to stimulate recovery in this area.

It is a public-works project that is absolutely necessary.

For that one and urgent reason I am asking the House Committee on Appropriations to allocate \$2,300,000 for the purpose of expediting actual construction of the Merrimack River Valley flood control project.

There is no excuse for any further delay.

This project has been pushed aside so many times during the past 22 years, to make way for others, that it is now deserving of top priority.

I am certain that the entire congressional delegations from Massachusetts and New Hampshire, supported by a majority of our colleagues who understand our flood problem, will back up our appeal for a \$2,300,000 appropriation to speed up flood-control works that will protect the people and the industries of the Merrimack River Valley.

EXTENSION OF RECIPROCAL TRADE ACT

Mr. PORTER. Mr. Speaker, our trade policies are crucially important for our own welfare and the peace of the world. Soon this House will be called upon to vote upon extension of the Reciprocal Trade Act and provisions for further reductions in tariffs. Many of our constituents do not realize the significance of these policies, nor have they had the facts about why we must not return to narrow protectionism, why our economic, social, and political welfare requires the destruction, not construction, of trade barriers.

The editor of the Grants Pass (Oreg.) Courier, Ken Hicks, is an able, honest, and a thoughtful man. When I read the editorial which he wrote for his February 6, 1958, issue, and which is

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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85th-2d, No. 75

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HIGHLIGHTS: Senate passed area redevelopment bill. Rep. Jones, Mo., urged new program for cotton. House debated mutual security authorization bill.

SENATE

1. AREA REDEVELOPMENT. Passed without amendment, 46 to 36, S. 3683, the area redevelopment bill. (pp. 7623-36, 7643-44, 7659-74) Rejected an amendment by Sen. Cotton which would have excluded from consideration as a redevelopment area any community in which local taxing authorities grant a tax exemption or tax reduction for the purpose of inducing new industry to enter the area. (pp. 7666-67)
2. MEATPACKERS. Sen. Morse spoke in favor of legislation to transfer certain functions under the Packers and Stockyards Act to FTC, and inserted a newspaper editorial, "Wanted-Meat Regulation," which stated that "the meatpacking industry should be brought under the regulation of the Federal Trade Commission." pp. 7675-76
3. HUMANE SLAUGHTER. Sen. Humphrey spoke in favor of legislation to provide for humane slaughter methods in the meat processing industry, and inserted several newspaper editorials favoring such legislation. pp. 7674-75
4. RESOURCE CONSERVATION. Sen. Murray spoke in commemoration of the 50th anniversary of the natural resource conservation movement, and inserted a memorandum his staff had prepared on the subject. pp. 7610-12

5. ROADS. Sen. Neuberger explained the steps which States should take to regulate billboards along highways as provided in the Federal-Aid Highway Act of 1958, and inserted several items on the subject. pp. 7613-18
6. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 12326, the urgent deficiency appropriation bill for 1958. (pp. 7639, 7686) This bill will now be sent to the President. See Digest 74 for items of interest.
7. FOREIGN AFFAIRS. Sen. Javits spoke on the importance of international travel "as a most constructive aspect of our foreign economic policy and as an elementary freedom in the free world." pp. 7621-22
8. ECONOMIC CONDITIONS. Sen. Humphrey discussed current economic conditions, and inserted several articles on the subject. pp. 7676-81
9. GRANTS-IN-AID. Sen. Sparkman claimed that the President had recommended in his budget message that "Federal funds for vocational education and waste treatment plants be eliminated beginning with the fiscal year 1960," and urged that these programs be continued. pp. 7681-82

HOUSE

10. FOREIGN AID. Continued debate on H. R. 12181, to extend the mutual security program. (pp. 7687-7722) Rejected, 59 to 102, an amendment by Rep. Colmer, in the nature of a substitute for the bill, which he stated "would cut out the foreign economic aid provided in this bill and save out of this authorization the total sum of \$1,750,400,000 -- roughly one-half of the \$3,815,900,000 authorized in the committee bill." (pp. 7710-15)

This bill includes provisions as follows: Requires that at least \$175,000,000 (same amount as in last year's act) of mutual security funds be used to finance the sale for foreign currencies of surplus agricultural commodities. Authorizes \$2,100,000 (last year's appropriation was \$2,200,000) for ocean freight to move supplies donated to and by American voluntary agencies. Extends to shipments under this bill the exemption from the requirement that at least half of the shipments be made on American vessels (the present exemption is for certain products under Public Law 480). Provides for an annual review and report to the President and Congress (by a committee which would include the Secretary of Agriculture) on operations under the Development Loan Fund and defense support to determine their impact upon the U. S. economy, particularly in labor-surplus areas. Authorizes \$171,500,000 for technical cooperation programs.

Regarding reuse of foreign currencies, the committee report includes the following statement:

"Nothing could be done with such currencies which would be of more direct benefit to the United States and would do more to advance the cause of world peace than to devise means for making effective use of these currencies to promote trade and to encourage economic development.

"The committee is continuing its study of this problem and urges the Executive to give particular attention to the perfecting of arrangements so that increasing amounts of these foreign currencies can be loaned to private commercial enterprises when such enterprises will contribute effectively to economic development and the expansion of trade."

ing public servant and member of my staff who devoted 37 years to assisting my predecessor and me to carry out our duties in the House of Representatives and in the Senate. I speak of John T. Eiker, Jr., who passed away suddenly last week.

It was my privilege to have the benefit of his presence on my staff since the day I came here in 1951. Prior to that time John Eiker had served for 18 years with my predecessor in this body, the Honorable James W. Wadsworth, Jr., and for another 12 years with that estimable gentleman in the Senate, from 1915 to 1927.

No Member received better support from a staff member than John Eiker gave to Senator Wadsworth and myself. His great practical knowledge of the workings of our Government, both in legislative and executive matters, was rooted in his long and varied experience. His intense loyalty to me and the Congress flowed from his outstanding Christian character. His initiative, competence, and personal modesty won him the respect, admiration, and friendship of all who worked with him.

In his position John Eiker helped an incalculable number of persons in New York State and in the 39th Congressional District. But most of these people are unaware of their debt to him because of his self-effacing manner.

This body and our Government was made better by the contributions of John Eiker. All of us who knew him will miss him greatly. His wife and family have the sincere sympathy of us all.

FAST ACTION URGED ON POSTAL PAY INCREASE

(Mr. PELLY asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. PELLY. Mr. Speaker, a few days ago, on the floor of this House, I expressed my disappointment at what appeared to be dilatory tactics of the conferees considering the postal pay and rate increase legislation. The conferees met yesterday and I am advised accomplished nothing. I understand they are to meet again tomorrow and at the risk of being repetitious, I again urge that the conferees considering this important legislation proceed with all speed to reach an agreement and report back to the House and Senate for appropriate action. Every day's delay not only works additional hardship on these deserving postal employees, but also jeopardizes essential retroactive features of the legislation. This pay increase is already a year late and certainly should be made up at least in part by a reasonable retroactive provision.

Mr. Speaker, it is a great honor to be a Member of this, the greatest legislative body on earth, and I feel a justifiable pride in being a part of this House. As such, I urge the distinguished Members of the House to join me in a positive and dynamic effort to break this slowdown or stalemate. For my part, I intend to leave no stone unturned to prevent having again to return to my district and report again to the postal employees: "Too little and too late."

MUTUAL SECURITY ACT

(Mr. RAY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RAY. Mr. Speaker, I have reached the conclusion that public interest requires a vote for the Mutual Security Act—H. R. 12181. The President says that our mutual-security programs have been, and will continue to be, vitally important to our own security as well as to the other parts of the world which are not under Communist domination. There have been some mistakes in administration and undoubtedly there will be others. They have been and will be corrected as they develop. In addition to the President, the Secretary of State, the Chairman of the Joint Chiefs of Staff, and many others whose views I respect, have all supported the program vigorously. These are the experts whose advice I choose to follow. Insofar as I have been able to get facts and form an opinion of my own, my judgment confirms theirs.

Mr. Speaker, I expect to vote for H. R. 12181 and against amendments of which I have knowledge at this time.

CALL OF THE HOUSE

Mr. ADAIR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 56]

Abbott	Denton	Morris
Addonizio	Dies	Moulder
Anderson,	Dooley	Norblad
Mont.	Eberhart	Powell
Anfuso	Everett	Rhodes, Pa.
Auchincloss	Fallon	Riehlman
Ayres	Flood	Rodino
Barden	Fogarty	Rogers, Tex.
Barrett	Granahan	Saund
Baumhart	Grant	Scott, N. C.
Blatnik	Green, Pa.	Scott, Pa.
Bonner	Gregory	Sheehan
Buckley	Gross	Sheppard
Burdick	Healey	Shuford
Byrd	Hébert	Smith, Miss.
Celler	Hillings	Staggers
Chelf	Horan	Teague, Tex.
Christopher	James	Utt
Coudert	Jenkins	Watts
Cramer	Jensen	Westland
Davis, Tenn.	Kilburn	Wharton
Dawson, Ill.	McCarthy	Willis
Dent	McCulloch	Zelenko

The SPEAKER. On this rollcall 354 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 12181, with Mr. Boggs in the chair.

The Clerk read the title of the bill.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, if we assume that our Nation is the greatest nation in all the world, and then recall that we have a national debt of some \$280 billion, and that a move is on foot to take off any limit, we must then also assume that there has been mismanagement somewhere. We either are not collecting enough money or we are spending too much. Our Government is inefficient.

If we support this bill we must further assume that our resources are not unlimited but even so we must sometime decide as to where we want to spend this surplus money—if we have surplus money.

So to me it boils down so far as the Fourth Congressional District of the State of Michigan is concerned, and I think in the rest of the State, that it is about time we take into consideration the situation as it actually exists. Shall we take care of the immediate needs of our own or shall we provide spending money for peoples abroad?

Due to the fact that the Big Three in the motor industry and Brother Reuther, who has been assisting in managing the business, the automobile business in Michigan, we have some unemployment there. Reuther and the Big Three went along on the theory that they could raise wages and prices indefinitely—that the people would buy and pay. The people decided they would do neither. Well, Reuther and the Big Three ran into a surplus of some 850,000 cars that they cannot get rid of, so unemployment. Reuther has agreed that he will reduce and he has reduced the wages of the boys who work in the unions that belong to him, the UAW-CIO. They will take less money for their current activities—that is, employees of the union, not of the companies—except that group which under the bargaining contracts are paid by management. There is a little difference there. If Reuther's outfit pays them, they will take a reduction, but if private industry pays them, they just will insist on the current wage. There being some 400,000 unemployed in Michigan and the unemployment benefits being practically exhausted, something has to be done about it. Is the remedy spending more abroad? Letters are coming in, some days maybe a hundred, saying our people want jobs. Note—they want jobs. They are not asking for unemployment compensation. They are not asking for any kind of a dole. They just want an opportunity to work and they are not so particular about the wage. That being the situation in Michigan, naturally, you can expect our people or some of them at least to object to this, what is accurately called a give-away.

I listened yesterday with a great deal of interest and profited somewhat from the Federal-aid-to-education program that was put on here by two Members of the House.

Mr. Chairman, I was talking about this demonstration on this Federal-aid-to-education show of yesterday. I was wondering. I was dreaming last night and then I was awakened by the noise outside where they are building this tunnel, but I was wondering, as these gentlemen went on yesterday, whether they were registered lobbyists. They spoke as earnestly as professional lobbyists. I understand that last year the Government paid for their trip. Well, that was all right, I assume, because they wanted to know, that is, the committee wanted to know the merits, if any, of the plan so they went out on a sort of public poll. They also wanted the public to know their version of the plans and how it operated. But this time, as I get it, some outsiders paid the Congressmen's expenses. You recall when someone wanted to give a Senator a little money in connection with an educational program about pending legislation about oil legislation, and because of that the President vetoed the bill. Now why should outside organizations employ two Congressmen—employ is the wrong word—well, anyway, obtain the services of two Congressmen to go out and preach what they thought the people should believe?

If industrial education or information was the purpose, why did they not take along my colleague the gentleman from Michigan [Mr. BENTLEY] or the gentlewoman from Illinois [Mrs. CHURCH], both members of the committee? Why did they not divide the membership of the committee so that people could get the other side of the program?

Here is the issue: Do we want to take care of the people of the United States or do we want to spend our billions abroad—let our people go without—furnish others with spending money?

Some of us recall when, before the Second World War, that we were here talking about our aid to Britain; all aid to Britain, short of war. At that time the President was getting us into war by having our ships destroy German submarines. The net result of our effort was World War II—the ascendancy of Russia as a world power.

What is going to happen now? Is this to keep us out of war? Will it aid in doing just that?

When I was a kid I had 20 or 25 hens. The income belonged to me. I was in business. Once in a while I would set an old hen on a clutch of eggs; and sometimes, when the eggs were fertile, we would get some good chickens. But once in a while we got a batch of eggs that were not fertile, and the result was rotten eggs. From the ticker at this moment, after spending some \$170 billion, I note the chicks which have hatched today. I quote:

MAY 13, 1958.

CARACAS.—Rioters spat on NIXON as he arrived at the airport from Colombia, and then hurled tin cans and rocks at his car in downtown Caracas.

One youth grabbed Mrs. Nixon as she sought to enter the car, and yelled, "Little Rock, Little Rock."

A Negro man shouted at Nixon: "Democracy. You don't like Negroes there."

Youths in the crowd shook their fists at the Nixons, crying: "Get out. Get out."

Besides NIXON, Oscar Garcia, the Foreign Minister, and other Venezuelan authorities were spat upon. The Foreign Minister was livid with fury.

Today's incident occurred just as the NIXON caravan of Cadillacs swept from the broad four-lane highway leading from the airport into the narrow streets of the city limits.

A mob of about 150 hoodlums closed in on the cars. Shaking their fists and waving signs saying, "Go home Yankee dog."

The mob spat upon the cars and ripped American flags from both the cars in which the NIXONS were riding.

The Venezuelan flag also was torn from Nixon's car by the mob which was throwing eggs, tomatoes, and rocks.

Because of the incident, the official caravan proceeded directly to the United States Embassy residence, omitting a scheduled stop at the National Pantheon where Nixon had been scheduled to place a wreath on the tomb of South American liberator, Simon Bolivar.

How many years has it been since we began sending our money down there? What did we get? I do not know exactly. I saw in the paper yesterday, or a day or so ago, about the treatment that Nixon got down in Peru. He got a rock, and they spit on him. Then I read the next day about the burning of our library in Lebanon. You must have read what just happened in Caracas? Is there anyone in this House who still thinks that any one of the nations which over the years, has been receiving our money, any single one of them, would come to our aid or go along with us if their representatives thought it would be better for them to go the other way?

What did they do with reference to the Suez Canal? They do not pay any attention to us or respect our desires except when they want money. So it is my theory that we have just been wasting almost all of our money. We are not getting anywhere except into bankruptcy. We have not bought any friends—that is, not friends when we needed them. They will not come to our help, when really needed so why should we keep on helping them while here at home our own people, if what the papers print is right, and I think it is, some of the older ones are actually in need of the necessities of life. Why should we do it?

If Russia wishes to destroy us it can do so not only through war but by causing us to spend our essential resources—those which are necessary to enable us to defend ourselves.

Not long ago the Defense Department told me that we had more than 900 military bases outside continental United States. Does anyone believe for a moment that the United States is big enough, strong enough, has enough allies to protect all those 900 bases throughout the world should war come? Should war come how many of the 900 would fall? How many American men, women, and children would become prisoners of war? If communism is as bad as we are told

it is, and my opinion thinks it is worse, will it not destroy ultimately itself, if we do not keep our noses out of the affairs of other nations.

A map was given me a few days ago which showed Russia, and all around it were red dots showing where we had military installations. We have Russia surrounded. What do you think would happen if Russia would put in stations down in Mexico, or just across from Alaska, or in Canada if Canada would allow them? What would happen if they attempted to ring us in as we have hemmed in Russia? Would that be aggression? Why are we always looking for trouble? Why attempt to direct the thinking—the doing of all other peoples?

I think our distinguished Senator from Michigan, Senator Vandenberg, was right when he was the sole individual in the other body to vote against recognition of Russia. Of course you will say he changed his mind. He did. He did. He went along for a time with the one world advocates but when the final days of his life drew near he learned that he had been deceived. He became disillusioned and he was back where he started when his thought was:

"The United States of America first." That is where I stand. My country—the people's welfare, the national security first. That is no more, no less, than self-preservation.

Tell me where we have profited by all the billions we have spent abroad. Oh, I know the answer. This is it: "If I had not taken an umbrella out with me this morning it would have rained." They always tell us that some terrible thing might have happened if we had not done this, that, or something else. The danger from which we have been saved is never named—always described as something that might have happened.

F. D. R. said we had nothing to fear but fear itself.

And ever since we have been living in fear.

One thing that I know has happened. We have had trouble throughout the world, we have trouble today, and all because we have attempted to tell other people how to live—what to think, and we have an increase in our national debt that calls for more than \$8 billion interest, money for which we get nothing.

Sure, I am supporting the President, but not on this one; and you will recall that he said he did not want any rubber stamps here in Congress. I am with him on that one.

Mr. MORGAN. Mr. Chairman, I yield 12 minutes to the gentleman from Virginia [Mr. HARDY].

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Chairman, first of all I want to express appreciation to the gentleman from Pennsylvania for giving me these 12 minutes. I may not have quite time enough to finish the remarks I wanted to make, but under leave to extend my remarks I will insert them in full.

Mr. Chairman, during the past few years, the annual debates on the mutual

security program—both the one that takes place in the public press, and the one on the floors of the Congress—have centered upon an increasingly academic issue, while the real, remediable problems are pushed into the background.

'The unrealistic question which seems to occupy so much of our time is this—should the mutual security program be continued or terminated? I believe, personally, that there can be only one answer to this question.

We hear repeated time and time again that the Soviet challenge presents a real and present danger to our very existence as a nation and a people. There is no argument about this. To deal with this danger I believe we must employ every worthwhile device at our disposal, including military and economic assistance programs overseas.

If we accept, as I think we must in the face of world conditions, the fact that the mutual security program will have to be continued, it strikes me as somewhat futile to debate that question. Moreover, such debate diverts attention from the highly important issues which arise out of the operation of the program. If it be granted that the Congress should not deny the executive branch such a program, we are still entitled to assurances that it is being operated in the best possible way. Indeed we have a responsibility to see that it is so operated, notwithstanding such high-powered sales arguments as we heard yesterday which seemed bent on belittling the billions of dollars of costs while exaggerating dubious and unprovable claims of accomplishment.

Now, I am thinking not only of economy and efficiency of operations, but effectiveness as well. Is the program accomplishing what it is supposed to accomplish? Could the job be done better? What actions can the Congress take to insure that it will be done better?

When attention is centered upon the false issue of the program's continued existence, the road of the critical supporter of the program becomes an extremely difficult one. There is an air of "For me or agin' me." I would note that the International Operations Subcommittee, which I have the privilege of chairing, has been one of the most persistent and vocal critics of the operation of the program. Our members are drawn from both sides of the aisle and of varied political viewpoints, but our reports in this and previous Congresses, based on factual investigations—not theoretical flights of fancy—have been unanimous, and have received the unanimous endorsement of our parent committee before being presented to this House. But despite our justified criticisms, I have been advised that our voting record in support of the mutual security legislation of the past several years has been greater percentage-wise than the House as a whole. It is possible, then, to support the program, and still to criticize it.

It is no answer to the questions our investigations have raised to say, "Yes; this may all be true, but the program is essential. Anyway, waste and extrava-

gance are inevitably in a program of this sort. It involves vast sums, and we have never attempted anything like this before."

To the argument that the program is essential, I reply that I, too, believe it is. However, just as the President has asked that the program not be thrown out simply because it contains some deficiencies, so I suggest that we should not ignore the deficiencies simply because the program is essential. This is particularly true since these deficiencies are wasting millions of dollars annually.

I cannot accept the argument that waste and extravagance are inevitable. This program is no longer new. It has been going on since 1950, and some experience was gained from the other programs that preceded it. Its size is no impossible obstacle to efficiency. This Government has run large programs before, and runs large programs today, with proper care. I can find no valid excuse to permit continuation of the freewheeling administration that is now going on, and it disturbs me to find that some of my colleagues advocate uncontrolled administrative discretion in the face of serious deficiencies in operation.

Now just how can we here in the Congress help to bring improvement about? I certainly agree with the Foreign Affairs Committee, which stated in its report that "there are limits on the extent to which legislative action can bring about improvement in administrative action and procedure." However, I do not believe any of us knows just where those limits are, and I think we are justified in pushing our efforts at improvement just as far as we may think necessary and desirable.

With, of course, a few exceptions, it has been my broad observation that the people who administer this program are a hard-working and devoted group of public servants, perhaps sometimes overzealous and perhaps sometimes with too much authority and too little judgment. If we make it clear to these people what we intend for them to do, I believe generally they will try to carry out that intention. But, first, we have to know and understand how they are interpreting the authorizing legislation. Are appropriated funds being used in the way Congress intended them to be used? For example, how are defense-support funds being used? The language in the act gives the impression that defense-support money is going to be used primarily to support the military in the various foreign countries when it is applied. Only a portion of these funds goes into direct support of military budgets, troop payrolls, and so on. Actually, the greater part of it is spent for economic or political purposes. How is this justified? Well, if you look at ICA's budget presentation books for this year, or for last year, you will see that they have left the door open for using defense-support funds on a sort of a triple-play basis. Use of these funds for economic purposes, like building highways and factories, is justified by ICA on the basis that economic stability is necessary for political stability in certain

countries, and that without political stability they could not maintain the military effort required for our mutual strategy. Now, this is a plausible argument, and in some instances it may be sound.

But what bothers me is that ICA and the Department of State unlimber this same defensive blunderbuss every time they are caught wasting money on projects and programs of little or no economic or military value. The standard reply in justification of obvious waste and inefficiency is political expediency. And we are expected to accept that excuse and inquire no further. Actually, in most cases political expediency is nothing more than camouflage for fuzzy thinking, lack of planning, and other administrative deficiencies.

In this connection I note improvement in this year's bill that I am delighted to see. It is so in line with the consistent recommendations of my subcommittee that it makes me feel that perhaps we do get through at times. This is the provision in section 517 of the act which requires ICA to be somewhat more thorough in its preliminary planning than it has been heretofore, prior to any commitment of funds. I like this provision, but I am not sure it goes far enough. Maybe what we'll have to do here is just see how it works out for a year.

I also note that in the committee bill, H. R. 12181, there has been a certain rearrangement of chapter and title headings. The category of "Defense support," which used to be grouped with "Military assistance," is now moved under chapter II, entitled "Economic Assistance."

I believe this represents, for the committee and for the executive branch, a forward step toward accurate labeling. Defense support is economic assistance, and it is properly paired with other categories of such assistance, instead of with military hardware as heretofore. This purely formal change does not, however, meet my chief objections, nor those of the International Operations Subcommittee, which are directed to the practically uncontrolled use made of defense-support funds. These objections cannot be met with semantic corrections alone, since they go to the very substance.

In prior years, executive branch presentations to the Congress on mutual-security legislation, and statements made on the floor of this House by Members in a position to be better informed than most of us, have often left the impression that funds authorized and appropriated under the defense-support heading would be applied directly to the support of the military budgets and payrolls of our allies. Careful inquiry by my subcommittee has indicated that this is not exactly the case. As I have already stated, these funds are frequently expended for political reasons or, in the economic sphere, for long-range projects having no immediate or foreseeable future connection with the ability of these foreign economies to support a given level of military forces. Our findings are reported in H. R. 1374, "Use of defense-support funds for economic and

political purposes," and documented in the accompanying hearings.

The placing of defense support this year under the overall economic assistance heading gives at least an appearance of candor to this year's bill. The following facts, however, are not changed by this purely formal modification:

First. Only a portion of defense support funds are employed in direct support of host country military budgets. A large share of these funds are used for the general economic benefit of the country concerned, including long-term capital development.

Second. Last year, the act was amended to provide that defense support funds were for the purpose of "assistance specifically designed to sustain and increase military effort." The new and magic word was "specifically," and the Congress was led by the executive branch to believe that this would have a limiting effect. In fact, however, there has been no real change in the kind, form or content of defense support expenditures, and Mr. Douglas Dillon informed our subcommittee that literally any use was legal if some official had in mind that it contributed to the defense support.

Third. This year there is a new magic word, "significant." Defense support funds will be provided only to foreign countries maintaining "significant" military establishments. This exercise has not resulted in any savings but has merely removed three countries—Libya, Morocco, and Ethiopia, from the defense support column. ICA has put them down for equivalent amounts from the so-called special assistance fund.

Fourth. Our subcommittee has diligently attempted to determine just how the so-called levels of aid—that is, dollar amounts—are determined for the defense support programs. It has not been possible to ascertain, for any single country, for any single year, just why a particular amount of dollars was required rather than some other amount. This forces us to depend blindly on the judgment of the administrators of this program. The inquiries of the International Operations Subcommittee have not indicated the existence of any solid basis for such confidence in their judgment. Nor is our confidence increased by the inability of the administrators to explain the process by which the determinations of dollar amounts were made.

Fifth. Now it is not the job of my subcommittee to formulate policy for our foreign-aid program. As a Member, however, I must vote on policy and I like to know pretty clearly what it is. In subcommittee, we are concerned with a review of the operations of the program, and our judgment on those operations must certainly be made against a background of clearly expressed and clearly understood policy. The existing definition of defense support—and this objection, it seems to me, might be made to other categories in the mutual-security program, is so imprecise as to make the job of evaluating performance by ICA extremely difficult.

Now what can be done about this program? I do not believe that piecemeal

amendments of the legislation will fully accomplish the needed reforms. What is probably needed is a restudy and complete rewriting of the entire act. I am fully aware of the magnitude of this task, and I know that the able members of the Foreign Affairs Committee have spent much time each year seeking to improve the language of the act. I believe most of them would agree that further improvements are desirable, but none of us believes a major revision can be accomplished satisfactorily here on the floor.

Pending such a rewriting, however, there are further steps we can take to improve the operations of the mutual-security program. At a proper point I will introduce an amendment to require ICA in its annual budget presentation to fully justify and explain the levels of aid, that is dollars amounts, it has programed for each country. This has been a continuing recommendation of our subcommittee, and would permit the Congress to know, before providing funds instead of after, just how the ICA administrators interpret the language of the Mutual Security Act.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. JOHANSEN].

(Mr. JOHANSEN asked and was given permission to revise and extend his remarks.)

Mr. JOHANSEN. Mr. Chairman, I want to express my appreciation to the gentleman from Ohio for the opportunity to take this time.

Mr. Chairman, I confess to a sensation of deep disquiet and concern as I listened to the joint presentation in this House on yesterday by the gentleman from New Hampshire [Mr. MERROW] and the gentleman from Missouri [Mr. CARNAHAN].

This disquiet arose in part, I suppose, from the realization—not as full a realization at the moment as it has become since—that what we were witnessing was a staged demonstration, a command repeat performance, duplicating a presentation made by these 2 colleagues in 88 platform appearances in 39 cities in 27 States, plus long and short versions rendered in 33 TV programs, 31 radio programs and 29 press conferences in support of foreign aid.

The disquiet would have been even greater, I am sure, had I known during the course of yesterday afternoon's debate that in arranging and authorizing this staged performance it was suggested in a committee of the Congress that the demonstration—as it described—might be accompanied by some loaded questions from members of the committee, presumably so that the act would appear all the more realistic and true to life.

While apparently this proposal was abandoned—at any rate it was not followed yesterday—I could not help but observe that subsequently in the debate when Members of this House, not engaged in a demonstration, not engaged in play-acting, sought to secure an extension of time for speakers in order that they might in all earnestness and as a part of their legislative responsibility, raise specific, sincere, and non-loaded questions with respect to this

authorization bill, they found that no extension of time or at most only a single minute's extension of time was forthcoming.

It was not for these reasons that I was so deeply disturbed. Nor yet was it because of the arguments so artfully marshalled, the statistics so skillfully charted, the conclusions so categorically rendered in duet, the deep anxieties regarding this program so lightly dismissed, or the fervor of the evangelical bipartisanism which left those of us with lingering doubts in the unenviable light of fighting against God and of spurning the admonition "Inasmuch as ye have done it unto one of the least of these, my brethren, ye have done it unto Me."

All of this could and would, in ordinary circumstances, have abundantly explained and justified my disquiet.

But in this instance it arose from other considerations—from considerations even more fundamental. It arose from considerations which I would be most reluctant to discuss save for the fact that they relate to the basic responsibilities of this very House.

Never knowingly would I abuse the privilege of this floor by questioning the motives or even the judgment of a colleague.

I do not do so now.

I have too much respect for these two distinguished colleagues and for all of my colleagues ever to do that.

But I have an even greater respect for this House, for its role—as I understand it—in the tremendously vital processes of our Government. And I have an even greater concern to do my share, to the best of my ability, to preserve that historic and Constitutional role for the future of America and as a shining example to all the world.

The deep concern which I felt revolves around a single word—and its variants—used to explain the planning and arrangement of the remarkable tours on which our colleagues have been engaged in recent weeks—the word sponsored.

The gentleman from Missouri [Mr. CARNAHAN], in response to the inquiries of the gentleman from Wisconsin [Mr. O'KONSKI], told the House:

The trips we made were sponsored and arranged for by many organizations in the country: the American Association for the United Nations, League of Women Voters, Junior Chambers of Commerce, different service clubs, the Organization of University Women, various church groups—there is a long list of them.

And he added:

There are plenty who seem to be getting the other interpretation from the figures and making the other explanation, which is their privilege, and we might wonder who financed their operations. It would be interesting to know.

But, and this is the significant point, there was not, to my recollection, any suggestion by the gentleman from Missouri, or anyone else yesterday, that the financing of these operations of opposition to foreign aid involved expense accounts or payment of travel and other expenses for organized tours for Members of Congress.

I note that the gentleman from New Hampshire [Mr. MERROW], who did not raise the question of opposition presentations, also stated that—

The arrangements for the first two tours were made under the auspices of the American Association of the United Nations and cooperating local agencies, as an educational endeavor, as my colleague has said.

And he made a point of adding, perhaps having in mind last year's tour of educational subcommittee hearings:

I would like to emphasize that the expense of the tours cost the taxpayers nothing.

With respect to the same matter, I turn now to the printed hearings of the Committee on Foreign Affairs, for the morning session of March 13. On page 918 we read the testimony of our colleague, the gentleman from New Hampshire [Mr. MERROW]:

I think Public Relations Research Associates, Inc., downtown, with Ray Miller and Bob Miller at the head of it and some of the folks who raised the money for the tours are having these reprinted, about 10,000 copies.

He was, as I understand it, referring to the printed brochures containing the material presented in these educational lecture tours.

We might wonder, in the words of the gentleman from Missouri [Mr. CARNAHAN] "who financed these operations." We might wonder as to the identity of "some of the folks who raised the money for the tours."

We might especially wonder, in the words of the gentleman from Missouri [Mr. CARNAHAN] "who financed these operations," since they involved Members of Congress. We might well wonder as to the specific identity and the degree of financial participation of "some of the folks who raised the money for the tours."

I refer to another matter mentioned in the committee hearings at the same session—the reference of the gentleman from Minnesota [Mr. Judd] to the 8 or 10 teams which toured the Nation during the summer of 1943 in support of the Ball-Burton-Hatch-Hill resolution calling for a world organization. There was no mention of the sponsorship—financial or otherwise—of this earlier bipartisan crusade. There might well be an historic interest in this point as well.

Of course I do not quarrel with the right asserted yesterday by the gentleman from Missouri [Mr. CARNAHAN]—"the right" of the American people "to invite anyone they want including Members of the Congress to explain the issues confronting our people."

But I suggest that we here confront a vastly different and delicate and difficult problem when it comes to a systematically planned and engineered schedule of tours by Members of Congress, during a session of Congress, under the auspices and sponsorship—and financial support—of organizations and pressure groups which in some instances may be totally anonymous and unidentified.

Of course there is not the slightest suggestion or implication of improper motives or improper actions on the part of my two distinguished colleagues.

Of course, there is no question as to the sincerity of their zeal for the cause they espoused under this sponsorship.

Certainly there is no question as to the skills of their presentations—though there may be profound differences of judgment as to the validity of all of their conclusions. But the validity of either the alleged facts or of the conclusions is completely incidental and even irrelevant to the problem I am here posing.

It is not my purpose or my right to search the conscience of any other colleague.

But with respect to myself and with respect to the overall responsibilities of this House in fulfilling its roll in this Government of ours, I think some very searching questions can with propriety be raised.

For myself I do not see how I could accept the sponsorship for such a campaign of organizations devoted to actively influencing the decisions of Congress and of myself as a Member of Congress and hope to subsequently completely divest myself of that sponsorship in my actions and votes on the floor of this House—least of all convince the people I am elected to represent that I have so divested myself.

In that connection, let me say that in this present instance 2 of the 4 organizations specifically mentioned—the League of Women Voters and the American Association of University Women—have, as is their lawful right, registered congressional lobbyists here in Washington.

For myself, I do not see how, if this practice of accepting such sponsorship with respect to a campaign of support for pending legislation were to become general, we could escape a transformation—however gradual and imperceptible the outset—of the very character of this House. I should not want to see myself or my colleagues identified, not as the gentleman or gentlewoman from a given State, but as the gentleman from the national association for the United Nations, or as the gentleman from the CIO, or as the gentleman from the chamber of commerce.

I recall with what shock, during the heat of debate on the school aid bill, I heard a distinguished Member of this House referred to by a colleague as the representative of the United States Chamber of Commerce. I have been disturbed by suggestions that certain Members of Congress owe their election to the CIO—not, of course, that I am so naive as to fail to recognize the political potency of this organization in some areas, but I deplore any implied possibility that these colleague, if there be such, are sitting in this House as representatives of the CIO. I hope this is not to be a trend in the history of this great House of Representatives—and I hope that such a trend shall never find encouragement from the Members of this House, however unwitting or unintentional.

If it is in the public interest to require those who are paid to contact us as Members of Congress in behalf of legisla-

tion to formally register themselves as lobbyists, so that both we and the people may identify the interests they represent—however legitimate—may it not be equally in the public interest that Members of Congress who accept organizational sponsorship for participation in organized campaigns to rally public support of or opposition to specific pending legislation likewise disclose that sponsorship and the form and extent of such sponsorship? I merely raise the question.

I would ask myself—and myself only—what the acceptance of such sponsorship involves—or in the public mind implies—in the way of personal obligation to accept and support the sponsoring organization's legislative program in toto.

Certainly, I am sure, if a group of organizations favorable to the natural gas bill should schedule a series of public rallies around the country in behalf of that legislation, and should thereafter invite me—with expenses paid by the sponsors—to speak at those rallies in behalf of the legislation—an unlikely procedure since I voted against this bill—I am sure I would both consult my conscience and carefully gage public reaction before accepting.

But, it may be contended, this is an unfair comparison with the cause of foreign aid.

Let me say only I am not so sure that there are not those who have a vested interest in the perpetuation of this massive outpouring of America's wealth abroad fully as great financially as any alleged vested interest in enactment of the natural gas bill. But the point is—where shall we draw the line?

And once begun where shall such a practice of accepting sponsorship for such activities end?

What will be the effect upon the necessary business of this House?

Are we to have some gentlemen's agreement, or some working arrangement, whereby the quorum necessary to the transaction of the incidental business of debate, deliberation and legislative action will at all times be assured as increasingly Members beg to be excused to fulfill the commitments for speeches arranged or called for by their sponsors?

The matter goes far deeper.

Never was the need greater or more urgent for careful, calm, thoroughly exhaustive discussion, debate, and genuine deliberation on the floor of this House on the crucial issues of our day—of which this is indeed one.

Never was it more imperative that this House be made the effective forum for such debate.

Never were Members of Congress subjected to such scientifically planned and executed pressures from those who openly boast that their role is to be engineers of public opinion and private viewpoint.

Never was it more important and imperative that we with whom the critical decisions so largely and fatefully rest insulate ourselves in some measure, at least, from the pullings and haulings of special-interest pressure groups with their well organized, engineered, and

financed campaigns, so that we may have some hope at least of hearing amid the organized and systematized clamor the still small voice of conscience and sober judgment.

Are we, as Members of Congress, now in turn to join the clamor, enlist in the pressure efforts, and contribute to our own confusion and uncertainty?

I would hope not.

Already we are hampered in the performance of our duties not alone by propaganda but by the pressure of our multitudinous areas of Federal activity and intervention, hampered by the impositions of secrecy—sometimes unavoidable, to be sure—hampered by the restrictions of time for floor debate perhaps unwittingly imposed by so-called bipartisan unity which sharply limits, as in this instant case, the time allocated to the minority of opposition.

And while I am speaking of those influences which add to our burdens and tend to encourage uncritical acceptance of proposals which come before us, may I direct attention to a remarkable documentation inserted by the gentleman from Pennsylvania [Mr. FULTON] in the March 13 record of hearings of the Committee on Foreign Affairs, on pages 920 and 921?

This insertion cites the votes by which mutual-security legislation and conference reports thereon have been passed by this House since 1952. The emphasis placed upon the very substantial majorities with which this legislation has passed seems to suggest—and I hope it was not the intent—that this ought to reduce, at least to a whisper under a very limited allocation of time, any critical reaction to subsequent proposals in this field. I know of no argument or attitude more hampering to free debate of foreign aid as a continually current problem and issue.

Let us not add the further hampering influence of acceptance of sponsorship which may well identify us as new and inflexible partisans of pressure groups and causes.

To me there is a double designation for each Member of this House which ought adequately and totally to define our sponsorship.

It is the designation Representative Doe, Democrat. It is the designation Representative Roe, Republican.

This double designation signifies the only sponsorship which, in my judgment, we need or ought to possess. As Representatives in Congress we have the sponsorship of the majority of the voters of our respective districts. As Democrats and Republicans we have the sponsorship of the majority of the voters in our respective great political parties.

Ought we not, as the custodians of these two great sponsorships—these two sponsorships legitimized by the Constitution and by statute—guard jealously against the intrusion of any lesser or rival sponsorships?

Mr. Chairman, so far as I am concerned, to ask the question is to answer it.

Mr. CARNAHAN. Mr. Chairman, I yield 12 minutes to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, due to the illness of the chairman of our Committee on Foreign Affairs, Hon. THOMAS GORDON, the committee this year has been under the leadership of Dr. THOMAS MORGAN. Under Dr. MORGAN's guidance the hearings on the mutual security authorization bill have been extremely impartial and very thorough. I am quite certain that Chairman GORDON is pleased that he will leave the leadership of the Foreign Affairs Committee in such competent hands.

To Chairman GORDON I express my good wishes, and I hope that he may enjoy many years of pleasant retirement.

At this time I would like to express my personal appreciation to the gentleman from Ohio [Mr. VORYS], who also is retiring at the end of this session. He has performed a tireless and outstanding job as a member of the Committee on Foreign Affairs. I trust that every happiness will be his in the future.

Mr. FULTON. May I join with the gentleman in his statements.

Mr. SELDEN. Mr. Chairman, no bill coming before the House demands more careful scrutiny than the mutual security bill. There are several reasons for this. It involves a large sum of money. It affects, directly and indirectly, our foreign relations in every part of the world. It supports a program that is the most difficult to measure in terms of accomplishments.

If a domestic program falters, our constituents immediately let us know, and justifiably so. But in the mutual security program, the means of measuring success or failure is not quite so simple.

In the overall strategy of our mutual security efforts, there have been reverses in the past and there will continue to be reverses in the future. Just as in physical conflict, temporary reverses do not mean that the war itself has been lost. In a worldwide effort, such as the mutual security program, progress is often imperceptible. In fact, there are instances where the maintenance of the status quo—simply holding the line—is in itself a mark of success.

It would be a mistake, however, to underestimate the strength or the ambitions of the Soviet Union either in the economic or the military field. Public opinion in the Soviet Union constitutes no formidable obstacle to the Soviet leadership, and decisions can be made and implemented quickly.

Today the entire periphery of the Soviet Union is being flattered and cajoled by Soviet offers of aid. Instead of a frontal military attack, the Soviets have embarked—at least for the time being—upon an economic and political penetration to whittle away the non-Communist world. What is involved for America is the whole future of our economic relations with the world. The success of our economy depends upon its vitality, not simply to perpetuate itself, but to grow. The solvency of our economy is dependent upon our access to raw materials and to markets. To illustrate our dependence upon other free nations for raw materials—a dependence which grows rather than decreases—I call your attention to the chart on page 901 of the mutual security hearings.

Recent testimony of Adm. Felix B. Stump, Commander in Chief of the Pacific, before the Committee on Foreign Affairs further illustrates this point. He said:

The United States consumes roughly 50 percent of the world's minerals. A great many of these come from southeast Asia and, were they to be lost, would require replacements by costly synthetics or development of costly resources elsewhere.

I mention this matter of our economy for several reasons. The mutual security program is frequently misrepresented as a handout—something we do as charity or because we are at a loss for more effective cold war strategy. If this were the only, or even the primary, consideration, I would not support this bill. I am an elected trustee of public funds, held accountable by my constituents for my decisions. I have no right to vote their tax money simply to satisfy my sense of doing good.

Several years ago the slogan "trade not aid" was made popular. The inference was that the development of trade would of itself increase the dollar earnings of underdeveloped areas and in turn make possible eventual elimination of our aid. There is much logic in the thought. But the significant development that we are witnessing today is the coordinated approach of the Soviets to aid and trade. The Soviets, recognizing their complementary aspects, are now combining aid and trade to wage open economic warfare with the nations of the free world. Soviet aid is paid for in trade. In simple economic terms, this means barter—barter which they expect will increasingly isolate the free world from the basic commodities and raw materials essential to our economic survival. Our memories cannot be so short that we forget how Hitler's Germany used this device to pick off, one by one, the nations of Central and Eastern Europe.

This is the Soviet strategy that is unfolding before us. This is the meaning of Khrushchev's challenge:

We declare a war. We will win over the United States. The threat to the United States is not the ICBM, but in the field of peaceful production. We are relentless in this, and it will prove the superiority of our system.

This bill carries more than \$1,300,000,000 for economic assistance in one form or another. It is my opinion that, wisely administered, this part of the program may in the long run play a more decisive part in determining the outcome of the present struggle than much of the military money we have spent in the past or will spend in the future.

Yet the arena of combat with the Communist world has not shifted so decisively to the economic side that we can neglect the military. The committee's report outlines concisely the military picture today.

The Reds have 395 line divisions, including 175 Soviet and 220 Communist bloc. The United States has only 14 divisions. Russia has the largest air force in the world, although we consider ours to be the best. We have the largest and best surface Navy in the world. The Russian navy has over 500 submarines. Both the United States and Russia have A-bombs and guided missiles.

The United States has one asset Russia does not possess—a string of over 250 army, air and naval bases and installations strategically located around the world. Russia has no comparable system of bases and there is no possibility of her achieving such a system of bases so long as our mutual security system is effective. We have small forces on these bases and mobile air and naval forces ready to get to bases to defend them against sabotage, infiltration, or sudden attack. When we help these countries defend their own soil and keep these bases ready for instant use in case of emergency, we contribute to our mutual security.

The opponents of the mutual security program would jeopardize this advantage. The loss of these strategic bases which encircle Russia would place us in the position of reliance upon our own men, our own soil, and our own resources.

Those who assume that money would be saved if the mutual security program were ended ignore the fact that additional funds necessarily would have to be spent for our own defense effort. General Twining, Chairman, Joint Chiefs of Staff, made this point in a recent statement before the Committee on Foreign Affairs:

The annual defense cost to the United States without the foreign aid program would far exceed the sum total of our present foreign aid program plus our defense appropriation. My hesitancy to attempt a dollar answer stems from the fact that, without our foreign aid program and the military strength that it adds to our forces in men, material, and bases, we would have to devise a whole new military strategy. This strategy would almost inevitably be of the fortress America type. Not only would such a military strategy cost a great deal more money, but even with the additional expenditures, I could not guarantee for it the same amount of security which our mutual security system now brings us.

I concede that honest disagreements can arise over the question of whether we should put more emphasis on the military or the economic side of the program. This is a matter of judgment. The important point, however, is that it would be extremely dangerous to abandon either of these programs at this juncture in world affairs.

It is a consideration of these factors that has led me to support the mutual security program. It does not mean, however, that I accept uncritically the method of its administration or the amounts requested.

The committee has been increasingly aware of accusations of poor administration. This year it started its hearings with testimony from officials who had examined the many phases of the program's operations. The committee heard Members of Congress who had looked into some activities. And it heard private citizens whose testimony ranged from criticisms based upon factual material to criticisms that proved to be in the realm of fiction.

The committee has brought to the attention of the executive branch of the Government all charges that have been made against the operation and administration of the mutual-security program. A list of 96 specific charges was submitted to the Executive with the request that a full explanation of each of them be given. The charges and the answers

to those charges consume 55 pages of the printed record of the committee's hearings.

Except in a few cases where the problem raised is in the process of correction, none of the errors have gone uncorrected. Some charges were pure fiction or did not involve the mutual-security program in any way. The majority of charges were errors in fact or misinterpretation of facts or judgments involving honest differences in interpretations.

While Congress cannot administer the mutual-security program, it should continue to examine very carefully its operation. When allegations are found to have a basis in fact, then Congress should expect prompt corrective action to be taken.

Mr. Chairman, I recognize there are honest differences of opinion as to the amount that is necessary to effectively operate the mutual-security program. After many weeks of hearings and additional weeks of careful study, the Committee on Foreign Affairs reduced by \$339 million the amount originally requested by the Executive. All of these reductions I either initiated or supported in the committee. It was my amendment, as amended, that cut defense support by \$60 million. The amendments to reduce special assistance by \$27 million and the contingency fund authorization by \$100 million were offered by me and supported by a majority of my colleagues on the committee. None of these reductions will impair the program. In each instance sufficient money is authorized to carry out the program.

I therefore support the committee bill which authorizes \$2,958,000,000 for the mutual security program for the next fiscal year. At the same time, however, I reserve the right to vote for further reductions when the appropriation bill reaches the floor of the House, provided additional reductions can be justified.

Mr. Chairman, I invite the attention of the Members to title VII of the report entitled "Separation of Military From Economic Assistance." It has been my contention for some time that these two programs should be presented to Congress in separate measures. Such an approach would permit Congress to weigh the merits of each program and to vote separately on them.

The present bill does not achieve that objective, but it comes closer to it than any previous measure. An amendment I introduced in the committee reorganized the executive draft of the bill. As a result, the bill before the House distinguishes more clearly the economic from the military program.

It is also pointed out in the report that the Foreign Affairs Committee contemplates an independent examination of the issues and problems involved in this broad question. At the same time, the report recommends that the executive branch do likewise.

Mr. Chairman, the issues that confront our Nation today in the international field must be met with imagination, resolution, and speed. Through the Mutual Security Act, Congress provides a means by which many of these issues

can be met. It is the responsibility of the executive to supply the leadership.

Mr. CARNAHAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. HALEY].

(Mr. HALEY asked and was given permission to revise and extend his remarks.)

Mr. HALEY. Mr. Chairman, on July 16 of last year, I stated on the floor of this House that we cannot continue to give away the wealth and resources of our country without waking up one day to find our own Nation faced with economic bankruptcy. I repeat that statement here today. Since that time, I have not seen any evidence on which a valid change of opinion could be based. In fact, substantial evidence points out the fact that if we do not cancel the so-called mutual-security program, or at least make substantial reductions this year, it will seriously endanger not only our domestic economy but our relations with other nations.

The report of the Special Committee To Study the Foreign Aid Program—Report No. 30, 85th Congress, 1st session—pointed out that the objective of our aid policy is to help create conditions in the world which will permit the termination of foreign-aid programs, to the end that they will no longer constitute a burden on the American people. Nevertheless, we have not seen any sign of any reduction of foreign aid to any country. Under the Marshall plan in 1948, foreign aid was given to 14 countries. Assistance is now being extended to 67 countries and from all indications the list will continue to grow unless we stop this wasteful, extravagant means of dollar diplomacy on which our foreign policy has been based. It is indeed the duty of this House to put a stop to this uncontrolled and grossly mismanaged public error that has developed out of what began as a humane, sympathetic, good neighborly American approach to help those people of the world who need such help.

It seems to me that the objective of this foreign-aid program has drastically changed and at the present time it appears that we are caught in a trap and the objective seems to be to see whether we pay more for the favors of other countries than the Soviet Union.

I appeal to the Members of Congress to study this bill carefully. Is the mutual security program as we know it today really necessary? I insist that it is not. It is merely a means whereby our foreign policy as enunciated by the State Department no longer relies on intelligent statesmanship but rather on the amounts of dollars the agreement will cost. Whenever the Secretary of State attends a conference, one of the first press releases we hear is that the United States has agreed to release several million dollars for some country or countries attending the conference. A few years ago the recipients were grateful. Today they say that is not enough. In the words of another Democrat, "How long America, Oh how long" can we support the world? Must we continue to rely on our alleged wealth and dollars to

buy friends and influence people? I repeat, we must return to a sane realistic approach. We must realize that the easy approach is to hand out money, but I insist this is not the best approach for it does not solve the basic problem, it only aggravates and confuses our problems.

I respectfully submit that our basic problem has been our inability to fully understand ourselves as well as other citizens of the world. In other words, we are woefully weak in the field of human relations. We have been taught to work for what we want. If we see something we think is needed, we simply consider the cost in dollars. We forget that people in the rest of the world have not been raised in that atmosphere. Instead of pursuing the approach of exemplary standards of conduct in national and international affairs, we now resort to making our influence felt in a material sense by buying or subsidizing governments that allegedly are friendly toward us at the moment.

I want to emphasize that in our present struggle, which is commonly referred to as the cold war, this battle for the control of men's minds cannot be won by dollars in so-called mutual security. Rather it must be won by appealing to the highest good in men—appeals to his heart and mind on a basis of common understanding and warm sincere friendship. We certainly have not sold ourselves to the people of those 67 countries nor to the rest of the free world by displaying our money around the conference table and luring the leaders into a false sense of security and well-being.

Daniel Webster once said, "We are too much inclined to underrate the power of moral influence, the influence of public opinion, and the influence of the principles to which great men—the lights of the world and of the present age—have given their sanction." That statement is as true and valid today as it was in the time of Daniel Webster. We now consider this Nation to be a world leader, but is it only because we have purchased that leadership with money? I am afraid the answer is yes. Honored Members of this House, we must develop a constructive philosophy of diplomacy and statesmanship which the free nations of the world will recognize as true adherence to democratic principles.

At the present time, we are subsidizing leaders of countries who are opposed to true democratic principles and for all we know they are using American foreign aid dollars to suppress freedom in their own country. I need not point out such instances. You are aware of them.

We are told that we are faced with a dilemma, that if we do not help these countries, the Soviet Union will, which in turn will deprive us of needed military bases. But I say to you, we have created this situation through this program and its mis-management. Thus we see that the only apparent reason for subsidizing governments which are actually hostile to true democratic principles is that we allegedly need military bases in that country.

Like Daniel Webster, we underrate the power of moral influence. Can we morally justify such actions? Colleagues, we cannot do so in good conscience. I say to you, we have compromised our basic principles. We have adopted the false notion that the good will of the people of the nations of the world can be purchased in the market place. We seem to think that public opinion in all the nations of the world can be "formed" into a pattern, favorable to this Nation, by helping to keep certain men in power in their respective countries. Such maneuvering is not sound statesmanship nor intelligent leadership.

There is no need for me to recite to you the evils that have been the result of the mutual security program, nor the instances of waste and mismanagement, for such are carefully documented in the records of the proceedings of appropriate committees of the Congress. However, there was one news item published in the front page of the Washington Post last Sunday, May 11, 1958, which is somewhat representative of what is happening. The article to which I refer reported that Dominican Lt. Gen. Rafael Trujillo, Jr., whose strong man father recently received \$1.3 million in foreign aid from the United States, has shelled out \$28,000 for fancy foreign cars for certain big name Hollywood stars and himself. This reminds me of another incident that occurred within the recent past where a leader of a country expressed his appreciation for a huge handout in foreign aid by giving away cars and other expensive gifts to some of his American benefactors.

I repeat, this program has gone far enough. We are rapidly riding for a fall from which it will be most difficult to recover. We cannot afford to continue this program, for we have made entirely too many mistakes by adhering to a completely fallacious and illogical concept of foreign aid.

I respectfully submit that the sound and constructive policy we must adopt at this time is one which will accentuate our positive virtues and exemplify the true basic principles on which this Nation was founded and by which we attained our rightful place among the nations of the world. We must remain internally strong and we cannot do so by continuing to pour good money after bad. The amount of money we have given away in foreign aid amounts to 25 percent of our national debt. I repeat, we cannot afford to continue this negative approach.

There has been some talk that a vote to cut the overseas aid bill is a vote to increase unemployment at home. Mr. Speaker, that statement is the most absurd and nonsensical remark I have heard in years. I refuse to be trapped into such an either-or proposition, for it is the same logic which the proponents of foreign aid have employed in their foreign policy and that is the logic which I strongly and respectfully say is wrong. That type of logic is the cause of our present dilemma. Let us use that money here in the United States on vital projects which are so badly needed not only for our own military security but for building a stronger nation and a better

place to live. Such projects include the building of needed post offices, public roads, veterans' hospitals, constructing needed inland waterway projects, and giving tax relief to the overburdened American taxpayer. Charity begins at home. There is enough work to be done here in the United States to provide employment for the 5 million who are presently unemployed. I say to you, that a vote for this bill may be a vote to continue rising unemployment statistics inasmuch as rising unemployment is occurring at a time when foreign aid handouts are at a high peak.

I repeat what I said in this House last July 16, we cannot continue to give away the wealth and resources of our country without waking up one day to find our own Nation faced with bankruptcy. Let us reexamine our position, and our thinking, and carefully consider the consequences of our action today. In this battle for men's minds, let us depend more on the American missionaries who are sent out by the great churches of this country. I tell you they can accomplish more in their humble way than all the military might of all the nations of the world. For theirs is the constructive and sound approach which is eternal. The concept we have adopted in administering mutual security funds is flimsy and of doubtful value. We must have the mutual respect of the free people of the world but this cannot be achieved by continuing the present illogical approach. We can only earn and maintain their respect by adhering to our time-tested basic principles on which this Nation was founded. In the interests of our national heritage, I appeal to you to vote with me against this Mutual Security Act.

Mr. VORYS. Mr. Chairman, I yield 12 minutes to the gentlewoman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Chairman, this is the sixth year that it has been my privilege to serve on the House Committee on Foreign Affairs. Like my colleagues, I could not speak on this bill without referring first to the kindness and capability of our retiring chairman, the gentleman from Illinois [Mr. Gordon], whom we shall miss; and to the understanding and courtesy of our acting chairman, the gentleman from Pennsylvania [Mr. Morgan]. I know of no year when long detailed hearings protracted discussions and friendly disagreements have been carried on so pleasantly for the minority as well as the majority. And, Mr. Chairman, I do consider that important, being one of those who signed the minority report.

I had wished also that I might follow the gentleman from Virginia [Mr. Hardy], in order that I might commend him for the work that his great committee has done in exposing the weaknesses of the administration of this act. I had planned, when I spoke on the floor, to include much of the information that he gave the committee.

In paying tribute to all of these, including our retiring member, the gentleman from Ohio [Mr. Vorys], who has

been very gracious, I also would like to pay especial tribute to that small band of five, who in equal honesty, voted against reporting this bill in its current form to the House; and particularly, to the four who signed the minority report.

Mr. Chairman, the minority report is a symposium. It contains all the reasons why any 1 of the 4 voted against the bill; and all 4 signed it as an indication of our common belief that, as has been said: "There is more faith in honest doubt, believe me, than in half the creeds."

Mr. Chairman, I subscribe to no Fortress America concept, nor, I assure you, does anyone of the minority. I subscribe to no theory that the United States should, or possibly could—though I would hate to admit that—defend itself alone. I belong to that group that believes in mutual security. I merely hold, Mr. Chairman, that the security must be both mutual and real.

I referred previously to the minority report. It was at my suggestion that the gentleman from Michigan, who spoke late yesterday afternoon, included with his remarks this report in the CONGRESSIONAL RECORD. I hold no brief for its expression. I remind you again that it is a symposium rather than the total expression of reason for any one of us.

Mr. Chairman, I would like to point out just a few things about that report and then tell you what I think is most significant in our criticism. It is true, Mr. Chairman, that billions have been spent. It is true that billions remain to be spent. It is true that Congress has lost control of the program and in losing control of the program has lost control of basic foreign policy. And I would remind you, Mr. Chairman, that although constitutionally the making of foreign policy rests with the executive branch, the responsibility for paying for the implementation of the foreign policy rests in the hands of Congress. In this sense, Congress has been historically responsible for implementing and in this way partially determining foreign policy.

Mr. Chairman, I could point out the misapplication of the program, and the waste, but that is not what concerns me most, even though one instance of misapplication does distress me greatly. This situation I tried to correct through amendment that failed in committee. I refer to and bitterly resent the sending of military assistance anywhere, under circumstances that permit arms given for common defense in case of aggression, to be instead used for reasons of aggression against a friendly country, as happened in Tunisia. Such misuse should be prevented. We should also find legislative means to prevent the use of military equipment, sent for hemisphere defense, against the innocent people of a dictator's country.

Mr. Chairman, none of these constitute my main reason for voting no to reporting out this bill. It is true, of course, that there has been laxity in administration of the program. It is true that we need a more decisive and consistent policy. It is true that we need better programing. And yet that is not what concerns me most, Mr. Chairman.

I do not deny, in fact I reaffirm and re-emphasize, the Communist menace in this world. And I speak from first-hand experience, Mr. Chairman. I have been a very fortunate member of the House Committee on Foreign Affairs. I have traveled twice to Asia, once around the world, and twice to the Middle East; and this year I went into the heart of Africa. Mr. Chairman, no one could fly over the lonely sands of Asia and listen to Radio Moscow without knowing that the menace we face is real. No one could fly over the equally lonely undeveloped sands of Africa and listen to the hatred expressed by Radio Cairo without knowing that we have to take steps to meet a threat. Accordingly Mr. Chairman, my objection to this program is that the security we have sought is not in substance and strength what we have hoped it would be, or what the American people have sacrificed to provide. Most of all, we have failed to produce a common purpose among the peoples of the world—and this is my basic objection to the program. We have failed to produce among the peoples of the world what I would call a consciousness of common interest, a consciousness of common danger.

Now, very frankly, I think that the American people would pour out their billions as they have poured out the lives of their sons over and over again, to protect their freedom. I feel that even those who object to the spending in this program might find an argument for spending, if we were satisfactorily meeting the menace. I think that then we could overlook some maladministration, although I would still condemn it. I think that then we could be indulgent as regards bad programs. I think that we could even look with some leniency upon failure to secure all our goals if we had secured the basic one, Mr. Chairman, of persuading the peoples of the world that we were standing together and must want to stand together as free men—seeking what? Something so simple and so typically American. Seeking peace, freedom, the right of people to live in independence, to live free, humanly free, in individual dignity and mutual respect. That is the American dream.

I was distressed yesterday, again, in listening to the colloquy between the gentleman from Missouri and the gentleman from New Hampshire, to have even the very learned gentleman from Missouri, whom I respect, say, and I quote:

We have not been very effective in telling our story.

Mr. Chairman, it is this ineffectiveness with which I take issue. When you sit as we have sat for weeks in earnest consideration of these problems, your sensation of danger grows no less, your sensation of need for defense grows no less, your sensation of the need for allies grows no less; but above all, if you are honest with yourself, you face just one question: Is the program working?

I went home last night and wondered whether I should speak today. For a moment I attached such importance to my very unimportant self that I won-

dered if what I might say concerning the ineffectiveness of the program might seem to be giving what is traditionally known as aid and comfort to the enemy. But I listened to the broadcasts that showed the gravity of the Communist intrigue. I heard with shock the report of the stoning of the Vice President of this great Republic. Mr. Chairman, I could not keep silent. What we are facing is real. What we are facing is urgent. We must realize once more that we are citizens of no mean country, if I may quote Paul of Tarsus. We have an obligation, we have an obligation to keep our own freedom. We have an obligation beyond ourselves to those who would be free.

Whether or not you think there is not enough money in this program, I would say to the House, whether you think there should be more money, whether you think there has been maladministration, or whether you think there has been poor programing, whatever you think, the basic question for the Congress today, and I hand it to you as citizens of a great country, is not how much shall we spend, or even how has it been spent, but whether we are meeting the need of a free people to preserve our own freedom, and fulfilling our dedicated purpose to prove to the world that freedom is the essential prerequisite for life itself.

Mr. Chairman, these are intangibles, and people may say, "What good are intangibles in the face of a relentless atheistic ideology and aggressive enemies seeking world domination?" In times of crisis, Mr. Chairman, it is often only the intangibles that hold the power to survive.

Mr. Chairman, I would very humbly say that there must be new ways to improve our story—although indubitably the story does not need improvement, but only the telling of it. There must be better ways in which we can ensure our strength. I am beginning to think there is some merit in the contention of those who hold that we should build more strongly those who believe with us and share our common faith, that perhaps we have reason to better bolster their courage and their purpose. All that I say today is this: We must re-appraise the programs; we must revise the administration; we must reestimate the basic policy. We must seek new avenues of effort, and with fresh emphasis. As the minority report states: Merely voting more dollars is not enough. At another time I would develop this point further.

But whatever we think or whatever we do, the question now we must ask ourselves concerning this legislation and the program is: Is this good enough, because for this very great country and for a people born to a heritage of freedom nothing is good enough except final success.

[Mr. O'HARA of Illinois addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. Judd].

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. FASCELL. I yield.

Mr. HOFFMAN. The news ticker out there says that they just threw some stones at Mr. Nixon and his wife in their car.

Mr. FASCELL. I hope they catch whoever did it.

Mr. HOFFMAN. Can that be construed as evidence of good will?

Mr. FASCELL. The gentleman from Michigan can construe it any way that he wants to. I hope that the perpetrators of the act are caught.

Mr. HOFFMAN. I cannot figure it out that way.

Mr. FASCELL. Mr. Chairman, I believe that in discussing the question of the foreign policy of the United States and the force and direction that that foreign policy should take, it behooves every American both in the Congress and outside of the Congress to ask himself several questions, and in reading the answers to those questions to apply a logic of his own. So I have started out by asking myself this question: Why is it in peacetime—and I guess I should put that in quotes—why is it in "peacetime" that the great people of the United States are spending more money for military purposes than any government in the history of the world? I believe you will agree with me that a fair answer to that question is required before you can pursue any line of reasoning with respect to what the foreign policy of the United States should or should not be. I will be the first to join with you to say that this country must be militarily strong to protect ourselves and the principles which we hold dear. We have proven time and time again as American people that we will be the first in the battle lines to fight with our lives for everything we believe in. Yet, we know as we examine our patriotism and our spirit—we know that in the whole course of the history of mankind wars and threats of wars have not yet solved the problem of how peoples shall live together without slaughtering themselves like animals.

It is for this reason that the American people, as a free people, as an independent, thinking people aspire to do something positive, and affirmatively, other than trying to correct the evils of mankind by the pure force of arms. Is this a foreign policy—is this ideal of the American people a foreign policy? I say "Yes; it is." Then what is this fear that pervades the world and the American people that causes us to create this great military machine? The answer is obvious. You know it as well as I know it. Every American knows it as well as you and I know it. We are in the greatest battle of ideology that the world has ever faced. I concur in the statement that the battle is not on the battlefield—and

I have supported greater military appropriations—the battle for the minds and hearts of people around the world. Just how do we win this battle? Or, are we winning it? Or, are we even in the battle? Well, now you tell me—outside of the mutual security program, what it is in the way of an affirmative policy of the American people that is reaching into the hearts and minds of other people around this world? That leads to the next question that I believe every American citizen is asking himself. And in my opinion, the answer is equally obvious. Should the mutual security program be abandoned? The answer is that it cannot be abandoned. The mutual security program has a military purpose for the benefit of the people of the United States. It has a military purpose for the benefit of the free peoples in other parts of the world. It also has an economic purpose for the people of the United States just as it has an economic purpose for other free peoples throughout the world. It has a political purpose for the people of the United States. It has a political purpose for the other people of the free world. I know we Americans are all impatient. We want to see things done overnight. People are claiming to remedy the evils of the world by this program, something that cannot be done; this program is expected to change the whole course of human events and the character of every man and woman in the world by one legislative act of the United States Congress. But this cannot be done.

I go on to point out that this program has had more recent examination and more re-evaluation and more study than any program in the United States in modern history.

In the last few years, in addition to the usual congressional scrutiny the program has been completely reviewed and reevaluated by the Congress, pursuant to resolution. The Committee on Foreign Affairs conducted an exhaustive review. The other body acting pursuant to resolution created a Special Committee To Study the Foreign Aid Program. This committee had 11 studies and 10 surveys made independently of the special committee.

The President created a special committee known as the Fairless Committee to study this program.

The principal consensus of this prodigious amount of study and reevaluation by the Congress and the Executive was that the mutual security program should be continued.

Furthermore, the program from various viewpoints has been critically reviewed by other committees of Congress. Among them are the Military Operations Subcommittee, of the House Committee on Government Operations, under the chairmanship of the gentleman from California [Mr. HOLIFIELD]; the International Operations Subcommittee of the House Committee on Government Operations, under the chairmanship of the gentleman from Virginia [Mr. HARDY], and the Executive and Legislative Reorganization Subcommittee of the House Committee on Government Operations, under the chairmanship of the gentleman from Illinois, [Mr. DAWSON].

I am privileged to serve on two of these subcommittees. It is significant to note that while they have all filed reports critical of the administration of the program, they have not recommended its abandonment.

In addition to all this, the General Accounting Office conducted complete audits on a phase of a good many country programs and is continuing with others.

Your committee has been fully cognizant of the many criticisms levelled at this program. This year it searched and inquired diligently to determine the truth or basis for each and every known charge. These questions and answers are embodied in a separate committee print.

I am of the opinion that the administration is fully aware of the great sensitivity with which Congress views this program and accordingly has made great efforts to tighten its administrative belt.

Your committee has written new features into the bill designed to provide a businesslike approach to the obligation of funds. This was done in an effort to be more cautious and require better administrative management and control.

Your committee has carefully reviewed the authorization requests and made changes in those areas wherein changes were deemed advisable.

In other words, supporters of this program and its critics—except for those who advocate complete abandonment—should be assured that every effort is being made to improve the administration of the program, to correct deficiencies and errors; to get the American taxpayer more for his dollar; and that the United States Congress has been in the forefront in its efforts to make necessary investigations and legislative changes designed to assist the tighter administration of the mutual security program.

In my opinion, sound logic dictates that for the interest and security of the United States, I should and shall vote in favor of this bill.

The CHAIRMAN. The time of the gentleman from Florida [Mr. FASCELL] has expired.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. HERLONG].

(Mr. HERLONG asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HERLONG. Mr. Chairman, I am certain we all recognize the problem this committee on Foreign Affairs has faced in undertaking to determine that the money appropriated for foreign aid has actually been spent wisely and in accordance with the intention of the Congress. In that connection, I hope the committee has inquired into the many rumors we hear concerning the alleged pro-Communist leanings of Gen. Chiang Ching-Kuo, the son of the Generalissimo, who occupies a high position in the free Chinese Government.

Let us hope that these rumors, which are quite persistent, are not as well founded as they often appear to be. I am sure the committee has had occasion to explore these rumors. It is equally important that the State Department make an accurate determination of these

allegations in connection with any economic assistance that may be approved here. We simply cannot afford to extend aid to people who do not use it for the purpose intended.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Texas.

Mr. FISHER. Mr. Chairman, I am glad the gentleman from Florida has raised this question. I share his concern about Gen. Chiang Ching-Kuo, as I am sure many other Members do. I have heard the question raised regarding the propriety of aiding and abetting through the foreign-aid program the alleged pro-Russian element headed by Gen. Chiang Ching-Kuo within the Nationalist Government in Formosa. I share the hope that the rumor is not well founded, but we know it is persistent and should be thoroughly explored.

But in this connection let us not overlook or minimize the importance of Formosa as our first line of defense in the Pacific against communism. For years Formosa has been the rallying point for millions of overseas Chinese scattered over southeast Asia and it has stood solid against the advancement of communism in that area.

Let us not forget, too, that Generalissimo Chiang is one of the world's strongest foes of communism. I have talked with him, as many of you have, and have found him patriotic, able, eager, and determined as an ally. He is on our side, the side of the free world, the side that supports freedom and condemns Communist slavery.

It would seem unfortunate that the generalissimo's own son has become such a powerful man in Formosa. That is unfortunate in the light of lack of confidence in him on the part of the American people—or certainly many of them—as a result of his background and training and his apparent lack of appreciation for democratic processes. It will be a sad day indeed when the Chinese people may have to choose between communism on the mainland on the one hand, and Chiang Ching-Kuo on the other.

It is understandable that many of my colleagues have expressed deep concern over our assistance to Formosa in view of the role now being played behind the scenes there by Chiang Ching-Kuo. They are asking questions that are difficult to answer. And that adds to the importance of this issue being more thoroughly explored, particularly by the State Department.

Surely there is a way to resolve this problem, and continue the support that can properly be justified. The generalissimo, because of his love of his people and his devotion to the cause of freedom, will, I am sure, recognize our problem, and will reciprocate by a reappraisal of the propriety of using his son in the capacity which has given rise to these questions. That is, of course, for him to determine. As it is, it would appear that our joint endeavor to make China free and strong once again is in some degree being jeopardized by the position being held by General Chiang Ching-Kuo.

Mr. Chairman, to use an old saying, "let us not burn the barn down in order to get rid of a rat." In other words, let us not forget the chief objective of helping the free Chinese maintain their strength and stability.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FARBERSTEIN].

Mr. FARBERSTEIN. Mr. Chairman, if the statement that the sincerest form of flattery is imitation is true, then the program that has been offered here today is eminently successful and has been eminently successful, for this program, or one similar to it, has been adopted by our enemies, the Communists. If the program is so deleterious to the interests of our country, why have the Communists gone into a similar program of military and economic assistance in those areas of the world that will accept it from them?

Mr. Chairman, I rise in support of H. R. 12181 to amend further the Mutual Security Act of 1954, as amended. This act is a vital pillar in the structure of our national defense. It calls for an authorization of almost \$3 billion, of which there is authorized for military assistance a total of \$1,640 billion—a reduction of \$160 million from the amount requested by the administration; defense support, \$775 million—a reduction of \$60 million; development loan fund, for which \$625 million was authorized last year for use beginning in fiscal 1959; technical cooperation, \$171.5 million—an increase of \$8 million over the amount requested; special assistance, \$185 million—a reduction of \$27 million; other programs, \$175 million—mostly for sale of agricultural surplus; the President's special fund, \$100 million—reduction of \$100 million; U. N. refugee fund, \$1.2 million; U. N. children's fund, \$11 million; and Arab refugee fund, \$25 million.

For more than a dozen years our country's foreign-aid program has been one of our most important weapons in the effort to restore the economic health of the world and keep it from falling under Communist influence and control. It has accomplished a tremendous amount of good, and the successful record of mutual security is one which should make us all proud. At the same time, let us not forget that this has been a program undertaken and continued primarily in our own self-interest and in the realization that every dollar we spent was contributing directly and indirectly to our own defense and well-being.

In a program this size it is not unexpected to find some mishandling and waste, but these faults should not blind us to the fact that the overall record is remarkable. Without mutual security there would have been no NATO and all the consequent benefits that Europe has derived from its creation. Without mutual security Greece and Turkey would long since have been lost to communism. The Middle East, too, might have been mortally weakened by the Communist onslaught and, together with Communist subversion on other continents, the defenses of the free world would have

been immeasurably damaged by all these losses.

It is important to restate and emphasize these facts all the time. It is especially important to do so now, when our country is in the grip of a recession, and the cry for economy that has gone up across the country indiscriminately hits out at this vital program. It is important to restate and to emphasize that foreign aid—or mutual security, as it is much better to term it—is not a giveaway program, but one of the wisest and most effective measures we have to win the loyalty, the understanding, and the support of liberty-loving men all over the world.

Its direct military value in our defense against potential aggressors in terms of dollars-and-cents economy has been expounded many times. When I visited Greece last fall, I was able to see for myself how mutual security makes it possible for this poor country to maintain a defense effort against Communist aggression which is far greater in proportion to its population and economy than most other European countries. American military and economic assistance is helping Greece to maintain a degree of internal stability, confidence, and resistance to communism which contrasts sharply with conditions that prevailed there before President Truman's memorable decision to provide aid more than a decade ago.

Turkey, which I also visited, plays a strategic role as the link between NATO and the Bagdad Pact and is one of the bulwarks of our security. Through our military and economic assistance, Turkey today can provide a large ground force to NATO and also carry on a large-scale internal economic development program. This effort is crisscrossing the country with badly needed hard-surface roads and is enabling Turkey to surpass previous levels in industrial and agricultural development.

In the Middle East, Turkey and Israel are the most dependable anchors of free-world defense against Communist penetration. Israel has made better use of our economic and technical assistance than any other country in that region. I doubt whether there is any other place in the world where one can find so gratifying a demonstration of the way American industrial and scientific skills can be used. Everywhere in the country I saw the results of American assistance and the ways in which this energetic and industrious people overcame enormous natural obstacles.

There are other countries in the Middle East and in Africa which could benefit from the lessons obtained from Israel's technical and economic experience. The solutions to the land reclamation, agricultural, and industrial problems which Israel was able to discover with the assistance of American help are now, indeed, being put to use by the new countries of Africa and Asia to whom Israel has loaned her technical experts. This process of mutual aid, for which we set the initial example, is thus being extended in Africa and Asia to the general advantage of the free world.

Through the years the mutual-security program has been constantly studied and reviewed, painstakingly reappraised and reapportioned. There are constant efforts to improve its administration and to tighten controls over the expenditures because, admittedly, not every country can put the program into efficient operation. But I am not aware that even the most severe critics of the program would call for the elimination of mutual security just because it had failed or was mishandled in a few instances. Emphases have changed in recent years from grants to loans, and in the stringent review and reappraisal of the program that the Congress undertook last year great importance was placed on the need to make our assistance more selective, more responsive to the needs of our friends and those states which are truly neutral.

In recent weeks influential voices have been heard calling for the United States to give more aid to the Egyptian-Syrian union as a means of persuading President Nasser to stay away from Moscow's help. There is no doubt that Nasser would be very happy at this point to have American economic assistance, but I can find nothing in the record of our relations to offer any assurance that Nasser would give up his anti-West neutralism and work for peace. We have given aid to Egypt in many forms in the past, but in each case we have been shabbily treated for our efforts.

Mr. Chairman, I think the American people want to know how far the countries of the Middle East will contribute toward peace and stability before we provide them with our assistance. I think they would want to know which countries are on our side and which countries that proclaim a policy of neutrality are actually hostile to the West and seek to undermine the cause of the free world. I do not think the American people would like us to use American assistance to bail out those countries which are hostile to us and which seek our aid only because Moscow cannot give them enough. Mutual security funds should go to those countries which are willing to work toward the solution of the problems that divide them and are willing to contribute by practical measures to the development of peace and economic cooperation. In the Middle East we can go much further in making clear our determination to work for peace and stability by the wise use of such measures as this mutual security program. Here, as in other parts of the world, let us continue to strengthen the free world against the encroachment of communism by supporting our friends and other nations willing to cooperate with us in the fight for peace.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield.

Mr. CELLER. I am glad to hear the gentleman's remarks on the infant state of Israel. Israel indeed has made excellent use of the aid the United States has accorded her.

Would the gentleman not agree that the flame of democracy burns brightly in Israel and that wherever the flame of democracy burns we should nurture it and help it?

Mr. FARBSTEIN. Yes, indeed. That is the basis for mutual-security loans.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. PORTER].

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, I rise in support of the Mutual Security Act of 1958 and to add my commendations for the work of the acting chairman, the gentleman from Pennsylvania [Mr. MORGAN], and his hard-working colleagues on the committee, and in particular the gentleman from New Hampshire [Mr. MERROW] and the gentleman from Missouri [Mr. CARNAHAN].

I shall not introduce as an amendment my joint resolution to deny mutual-security funds to Latin American nations which fail to live up to the Charter of the Organization of American States, the most important treaty of the hemisphere, particularly that portion having to do with the effective exercise of representative democracy.

My distinguished colleague from Oregon, the senior Senator [Mr. MORSE], has introduced this same resolution in the other body. We have reason to believe hearings may be held in the near future and are content to wait for them. It is my hope that the Vice President, who is now completing a tour of Latin America, will testify in these hearings about the effects of our policy of treating democracy and dictatorship alike.

I do have one suggestion, however, for the future consideration of the very competent Committee on Foreign Affairs and the Members of this House. This has to do with making our mutual-security funds more directly and advantageously available to movie stars. I believe our present method has rather obvious shortcomings. Certainly the same fine minds who worked out section 517, Completion of Plans and Cost Estimates, of the Mutual Security Act of 1958, can draft appropriate legislation for next year's bill.

I call your attention, Mr. Chairman, to the item on page 2 of yesterday's Washington Daily News, which reads as follows:

If all the women in the United States had the charms of Zsa Zsa Gabor and Kim Novak, maybe they'd get back all of the \$1,300,000 the United States gives the Dominican Republic annually for military aid.

As it is, Lt. Gen. Rafael Trujillo, Jr., only spends about \$1 million a year here. He is the son of Rafael Trujillo, dictator-ruler of the Republic, and has a wife and six children.

Miss Gabor got a \$17,000 chinchilla fur coat and a \$5,600 Mercedes-Benz from the general. Miss Novak an \$8,400 Mercedes-Benz.

Zsa Zsa said first she paid for the coat herself. But, then, she said he discovered General Trujillo had paid for it, after all.

She gave a party for him in Hollywood, and her mother asked what do you think he should send her—"Flowers?"

He said the money he spends in the United States has nothing to do with the money the United States puts up for his country.

He's been studying military matters at Leavenworth until recently. But yesterday he was recuperating in Hollywood. Had his adenoids out.

As matters stand, consider all the indirect and nontaxable transactions involved in giving these movie stars fur coats and expensive automobiles. Last year, according to newspaper figures—since we Congressmen cannot make such disclosures—we gave the so-called Dominican Republic over a million dollars for military and economic aid. Well, even our State Department admits that Papa Trujillo is the absolute dictator, so our million-plus dollars went for equipment and services he did not have to pay for, which meant he had a million-plus more in the bank when Junior came to him for spending money. Papa Trujillo gave his boy a million dollars which Junior then deposited in a bank near Fort Leavenworth.

It seems to me that this is not only indirect and inefficient, but downright humiliating for us. Maybe our excellent Committee on Foreign Affairs should attempt to draft legislation which would provide more control by Congress over the circumstances under which these funds are spent. Perhaps, instead of going through two Trujillos, this money could go directly from the taxpayers to the movie stars, with appropriate deductions for income tax and social security.

There may be objection that movie stars are not among the legitimate objects of the mutual security program. With this I emphatically agree. I add, however, that neither are well-heeled dictators and their pampered sons who make a mockery of Christian marriage and who indirectly use our tax money to bank roll their wildly extravagant extramarital social life. No one yet has shown me any substantial defense purpose gained by our grants to these dictator-ridden countries of Latin America, but I have seen, as our Vice President is seeing, what such indulgences have cost us, aside from dollars, in our good name among the democratic peoples, the vast majority, that is, of Latin America, peoples we want and need on our side, peoples who belong at our side fighting for the survival and welfare of the free world.

Mr. VORYS. Mr. Chairman, I yield the remainder of the time to the minority floor leader, former Speaker, the beloved and respected gentleman from Massachusetts [Mr. MARTIN].

Mr. MORGAN. Mr. Chairman, I also yield the gentleman 5 additional minutes.

Mr. MARTIN. Mr. Chairman, I rise in support of the legislation that has come from the House Committee on Foreign Affairs. I congratulate the members of that committee upon their long and diligent study, and I hope sincerely that the product of their deliberations will be passed by an overwhelming vote.

May I say in the first instance that President Eisenhower, was worried over the cut already made, and he sincerely hopes there will be no further reductions. Further reductions, he says, might well jeopardize the whole program of mutual security.

Mr. JUDD. Mr. Chairman, I make the point of order that a quorum is not present. I think Members of the House

ought to be here to hear what the distinguished gentleman from Massachusetts [Mr. MARTIN] has to say.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-two Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 57]

Addonizio	Dies	Miller, N. Y.
Anderson,	Diggs	Morris
Mont.	Dooley	Multer
Anfuso	Eberharter	Norblad
Auchincloss	Everett	Osmers
Ayres	Fallon	Powell
Barden	Fascell	Radwan
Barrett	Flood	Rains
Bass, Tenn.	Fogarty	Rhodes, Pa.
Baumhart	Frelinghuysen	Riley
Bennett, Mich.	Granahan	Rodino
Blatnik	Green, Pa.	Rogers, Tex.
Bonner	Gregory	Saund
Buckley	Gross	Scott, N. C.
Burdick	Gwinn	Scott, Pa.
Byrd	Harris	Sheehan
Carrigg	Healey	Shelley
Celler	Hébert	Sheppard
Chelf	Hillings	Shuford
Christopher	Horan	Sieminski
Clark	James	Smith, Miss.
Corbett	Jenkins	Staggers
Coudert	Jensen	Teague, Tex.
Cramer	LeCompte	Ullman
Davis, Tenn.	Lesinski	Wharton
Dawson, Ill.	McCulloch	Willis
Dent	Meador	Zelenko

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 12181, and finding itself without a quorum, he had directed the roll to be called, when 342 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Massachusetts has 21 minutes remaining.

Mr. MARTIN. Mr. Chairman, we are asked today, through this legislation, to make a decision that will affect the future of every man, woman, and child in the United States. This decision will, in fact, affect the security of our country.

We are being called upon to vote on the mutual security bill for fiscal year 1959.—This bill has met the exacting scrutiny of the House Foreign Affairs Committee. This committee, after exhaustive hearings, exercised a sharp knife on the original request for funds. This was done, I know, without any desire to wreck or scuttle the bill but with the earnest intention of saving the taxpayers' money.

There are some who perhaps regret that it was not possible to cut the bill further, but the inescapable fact is—we have hit rock bottom. The mutual security program builds security for the United States in a world threatened by the cancer of communism. We cannot—we must not—tamper with the Nation's security.

Nobody has dreamed up the Communist threat. The Communists themselves have told us repeatedly that world domination is their goal. We first got the word from Lenin himself, who said:

As long as capitalism and socialism exist, we cannot live in peace; in the end, one or the other will triumph—a funeral dirge will be sung over the Soviet Republic or world capitalism.

Now that is very general. It could refer to Great Britain or to France or to Belgium. But Lenin did not stop there. Shortly before his death in 1924 he laid it on the line with these words:

First we will take eastern Europe, next the masses of Asia, and finally we will encircle the last bastion of capitalism—the United States. We shall not have to attack it, it will fall like overripe fruit into our hands.

Now, that, fellow Members, is very, very specific. And may I point out that the Soviet Union has accomplished the first step. What the mapmakers called Eastern Europe 20 years ago has dropped behind the Iron Curtain.

This Lenin statement is Communist doctrine unchanged by the succession of masters in the Kremlin. While we sit here and debate passage of the mutual-security bill, the Soviet Union blocks every effort to halt the disarmament race; and while we discuss whether our free-enterprise economy can put less than 1 percent of its gross national product into a program to build security among the free nations of the world, the largest standing army in all history and the largest fleet of submarines ever assembled in peace or in war stands "waiting for the word," and behind this army and navy is an array of tactical and intermediate-range missiles, armed with nuclear warheads, waiting for the final development of the ultimate weapon—the intercontinental ballistic missile.

This is the military threat of communism. What are we doing about it? What protection does the mutual-security program give us? What is mutual about it? We have had to fight 2 World Wars in the past 40 years to learn that no nation—not even the United States—can go it alone. We have established military alliances with 42 nations of the free world. It may be—as some of you think—that some of these allies will not prove steadfast, but I ask you to remember that the North Atlantic Treaty Organization is the most powerful peacetime alliance in the history of the world.

Through this Nation's support of the mutual security program, we have found allies willing to lend us their sacred soil, soil that puts us close to the enemy. On the land that our allies have loaned us, the strategic air command and the Navy have built bases, bases from which we can launch forces capable of destroying any aggressor. This is power in being, the only kind that earns the respect of the brutal Communist aggressors.

Now, this is what is mutual about this program. During the past 7 years, the United States has contributed \$20 billion to strengthen free world defenses. As the most industrial Nation in the free world alliance, we have made our contribution in materiel. During this same period of time our free world partners have spent \$122 billion of their own funds to develop and maintain their own military strength. Can anyone honestly call this a giveaway program? Can anyone deny that our partners have

contributed to the programs of defending the free world?

This is our answer to the military threat of communism. And the program has proved itself. It has stopped the march of communism dead in its tracks.

But like the hydra-headed monster of old, communism has sprung a new head. Halted from seizing nations by force, the Soviet Union has now launched a massive economic offensive. This is more serious than the military threat, in my opinion.

The Russians are greater realists than we. They know that no one will win the next war. With the first explosion of a hydrogen bomb, civilization will roll back 2,000 years. People will live in caves and throw rocks at each other while waiting for the effects of radiation to overtake them.

The Communists, with their goal of world domination unchanged, are now trying to win the world by economic means. They are mounting this offensive with the same zeal, the same determination and the same disregard for truth characteristic of this godless regime. But the weapons this time are different. Instead of bluster, bullying, and bullets, the Communists are using blandishments. They speak softly. The mailed fist is gloved.

They tell the less-developed nations that our democracy is a freak, a phony. They do not tell them that 6 percent of the world's peoples in this God-fearing Nation produce 40 percent of the world's goods. As Winston Churchill might well say, "some freak, some phony."

Twenty new nations have been created since World War II. Their population is one-third of the world's total. During Stalin's lifetime, Russia showed not the slightest interest in the hopes and aspirations of these people, but since that madman died in 1953, the Soviet Union has discovered the existence of the 750 million people in these 20 nations.

The Soviets have wooed the less developed nations with nearly \$2 billion in loans and grants during the past 3 years. They have had just one purpose in mind, to lead these young nations away from the free world and into the Soviet camp.

President Eisenhower summed up this purpose in these words and I quote:

If the purpose of Soviet aid to any country were to help it overcome economic difficulties without infringing its freedom such aid could be welcomed as forwarding the free world purpose of economic growth. But there is nothing in the history of international communism to indicate this can be the case. Until such evidence is forthcoming, we and other free nations must assume that the Soviet bloc aid is a new, subtle, and long-range instrument directed toward the same old purpose of drawing its recipient away from the community of free nations and ultimately into the Communist orbit.

These new nations have lived with poverty, disease, hunger, and despair since the dawn of man. They are anti-colonial, intensely nationalistic, and determined to better themselves quickly. The Soviet Union makes its bid behind the cover of such obvious lies as this statement by a Russian delegate at the

recent Afro-Asia Peoples' Solidarity Conference in Cairo. I quote:

We are ready to help you as brother helps brother, without any interest whatever, for we know from our own experience how difficult it is to get rid of need.

If you earned about a dollar a week as most of these people do and if you ate only two meals a day and went to bed hungry as most of these people do, you might believe the Communists, too.

Under the mutual-security program, we are helping these 750 million people. We did not discover these peoples 3 or 4 years ago. We have been working with them for 10 years. We have been helping them achieve higher levels of health, education, and sanitation. We have been showing them new methods of agriculture, of irrigation, of conservation. Through our exchange programs we have been schooling nurses, doctors, teachers, engineers, administrators in this country.

There are strong moral and humanitarian reasons why we should help the people of the less developed nations. We are the world's most privileged people. We should help the less fortunate. Our heritage impels us to lend a helping hand to those who have gained this precious thing known as freedom.

But there are compelling reasons from a self-interest standpoint. If these new nations should turn to communism in their efforts to speed their economic development, our own security would be imperiled. We would eventually become an island fortress, beleaguered, encircled, and finally strangled.

These nations possess some of the world's most vital resources—raw materials essential to our peacetime economy. But these 750 million people are themselves one of the world's most vital resources. As the world's greatest trading nation, we want to see these people enter the marketplace of the world where they can buy the goods of the world's greatest trader—the United States.

The mutual security program is now meeting the needs of these new nations. Last year, the Congress established the development loan fund. This bank of last resort is lending money at low interest rates for specific long-range economic growth projects. We are not trying to "prime the pump" of these underdeveloped countries. We are trying to get them to the point where private industry will be interested in going in and doing the job. They need better harbors, port and terminal facilities, better roads and railroads, more power stations.

Let me talk about the administration of the mutual security program. As most of you know, a recent reorganization of duties and responsibilities in the Department of State has given C. Douglas Dillon, Deputy Under Secretary of State for Economic Affairs, the job of house-keeping and housecleaning in the International Cooperation Administration. Mr. Dillon has appeared before several committees of the House to explain his efforts to eliminate waste; and to put ICA on a businesslike basis. I think he has been one of the best witnesses the Department of State has sent up here in many a day. He is hard-headed and tough-minded. James Smith, the new

head of ICA, is a man of the same stamp. They are sincere and dedicated. Both are successful businessmen who are providing the Government with talents of the highest order.

The charge that we cannot afford the mutual security program is hogwash. When the United States cannot afford its own security, it is time to haul down the red, white, and blue, and hoist the white flag. This program costs each one of us 6 cents a day—the cost of an airmail stamp. The total program—military which takes two-thirds—and economic—which takes one-third—amounts to \$3.5 million. This is one-fourth of what this Nation spends each year on liquor and tobacco.

The mutual security program is one of the strongest antirecession measures we have. Here are just a few figures showing purchases from American factories and farms in just 1 year of the program:

Iron and steel.....	\$35,000,000
Bread gains.....	94,000,000
Chemicals.....	20,000,000
Cotton.....	84,000,000
Motor vehicles.....	20,000,000
Petroleum.....	35,000,000
Coal.....	20,000,000

And listen to this one: military equipment—the sum of \$1.443 billion. I am sure that the Members of the House know that the effect of these purchases is felt by hundreds of subcontractors and suppliers in every walk of life. There is not a Member of this House whose constituents do not benefit from the mutual security program.

Let us just consider the State of Illinois for a minute. During 1956 and 1957 the Department of the Army alone purchased \$76 million in goods from Illinois businessmen for the mutual security program. The National Planning Association says that 31,000 jobs in that State alone are directly related to this program; and for the Nation as a whole the total is more than half a million.

In my own State of Massachusetts, I am informed by the studies of the National Planning Association that in 1957, 9,989 jobs were directly attributable to the mutual assistance program and while the figures cannot be pinned down definitely, it is estimated there are at least three or four thousand additional jobs attributable indirectly to this program.

The estimated procurement of manufactured goods in Massachusetts for the military grant-aid program for fiscal year 1956 was \$29,294,000; and for fiscal year 1957 it was \$27,560,000, a total of \$56,854,000 spent in Massachusetts for the last 2 years by the Army alone.

Of the above total, small business concerns in Massachusetts received dollar volume of this type of procurement amounting to \$12,884,000 for fiscal 1956 and \$10,680,000 for fiscal 1957, a total of \$23,564,000 in contracts for small business in Massachusetts during the last 2 years.

Complete State breakdowns are not available for Air Force and naval procurement. We do know, however, that at least \$9 million in naval contracts for ship overhauls and repairs were let in Boston during this period for the mutual assistance program.

Now, I say to my friends on the other side of the aisle, "We seek no partisan advantage in our support of this bill." The mutual security program has bipartisan support from the leading figures in both parties. President Eisenhower, Vice President Nixon, Secretary of State Dulles, former President Harry Truman, former Secretary of State Dean Acheson, and Adlai Stevenson have all endorsed this program wholeheartedly.

But if there is any member of this House who is not influenced by what these men think, I would like to quote the words of General Nathan Twining. This is what General Twining thinks about the mutual security program:

The cold facts of the matter are that the security of the United States depends upon our collective security system which, in turn, depends upon our military assistance program.

There may be some alternative to collective security and military assistance. Maybe those who make the broad charge that all money spent in this area goes down the rathole know what the alternative is, but so far no military man has been able to think of it.

We simply don't have the manpower, the materiel or the money to take on the entire defense of the free world ourselves and the defense of the free world is a condition precedent to our own defense. If a substantial part of the free world falls or slips behind the Iron Curtain, our chances of being able to defend ourselves dim in proportion.

Now, General Twining has no axe to grind but the axe of military security for the United States. His words carry weight with me. We are in a military cold war and an economic hot war with the Soviet Union. They are the two barrels of the gun. The gun is loaded and it is pointed at the United States. Never in peacetime have we faced such deadly peril.

The mutual security program is part of our answer to the Soviet challenge. This program must not be weakened. We cannot fight this war halfheartedly. We face a determined foe. We need stamina and endurance for this struggle. We need the qualities of Bunker Hill and Valley Forge, Bull Run and Gettysburg, Chateau-Thierry and Saipan. We cannot—we must not—fail the Nation in this crisis. We must pass this mutual security bill, now, and in its present form.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, I want to remind the House that there are five members of the Committee on Foreign Affairs who are voluntarily retired from the House of Representatives at the end of the current session and who are participating in the consideration of mutual-security legislation by the House for the last time.

The committee will particularly miss the services of our esteemed and distinguished chairman, the Honorable THOMAS S. GORDON, of Illinois, and of one of the ranking minority members of the committee, the Honorable JOHN M. VORYS, of Ohio. Chairman Gordon has served on the Committee on Foreign Affairs since 1946 and has been an active observer and student of international affairs during that time. Those of us

on the committee have recognized his broad understanding of world events and have turned to him regularly for counsel. He has impressed us always with the breadth of his vision. His stand on every issue has been determined by his concern for the welfare of his country. We will miss his quiet but always firm leadership. All of us sincerely regret that he will not be able to serve in succeeding Congresses. JOHN VORYS has been a member of the Foreign Affairs Committee since 1939 and has personally participated in the handling of war-time legislation which came before the committee as well as the foreign aid and other postwar legislation. Congressman VORYS is generally recognized as the leading authority in Washington on foreign-aid legislation. There is no one at present in the executive branch who has participated actively in the development of the program as long as JOHN VORYS has, and he is frequently called on by our officials as well as by his colleagues in the Congress for information and for interpretation of various aspects of the program. JOHN VORYS will be missed by the Foreign Affairs Committee.

All of us will regret that the Honorable KARL M. LECOMPTE has chosen to retire from the committee and the Congress. KARL LECOMPTE came to the Foreign Affairs Committee late in his long career in the Congress, but he has always taken an active interest in matters of foreign policy. Even before his committee service he took the initiative in obtaining authorization by the Congress for United States participation in the Australian Commonwealth jubilee celebration in 1951, and it was my privilege to serve with him as a member of the delegation from the House which visited Australia at that time. Since becoming a member of the Committee on Foreign Affairs, KARL LECOMPTE has taken an active part in the work of the committee. He has taken a particular interest in the Subcommittee on International Organizations and Movements, of which it has been my privilege to serve as chairman, and has always been ready to lend a hand whenever called upon. I have had the good fortune to travel with KARL LECOMPTE on a number of study missions to other countries and have always found him a wise counselor and a charming companion. All of us on the committee will miss him.

The Committee on Foreign Affairs will also be deprived in the future of the services of the Honorable ROBERT C. BYRD and the Honorable WINSTON L. PROUTY. Both have shared earnestly in the committee's work and have rendered valuable service. Both aspire to membership in the other body of the Congress, and I am sure that the people of their respective States and the membership of the other body would benefit from the experience which these distinguished Members have gained during their service as members of the Committee on Foreign Affairs.

(Mr. CARNAHAN asked and was given permission to revise and extend his remarks.)

Mr. NEAL. Mr. Chairman, the Congress levies taxes—Congress appropri-

ates the moneys. Congress has in the past been exceedingly liberal. In fact, its liberality seems to have become an obsession.

For 10 years Congress has taxed our people to the point of confiscation. Yet, not enough to satisfy its extravagant spending programs, still leaving nearly \$300 billion on the debit side of the ledger to harass the American people for the unseeable future.

In addition to monumental defense items and Government operation costs, the Congress, by authorizing additional departments and agencies, has imposed an annual mandatory obligation on the economy of sums approaching \$20 billion.

Today, when a tax cut would contribute more than anything else to alleviate the present recession, even with existing tax rates, the Congress faces a further deficit and an extended debt limit.

Surely, with the dollar now worth only 48 cents as a result of this huge national debt, further decline with its accompanying inflated prices must be anticipated.

Apparently the Congress exercises no serious concern for the future stability of our American free-enterprise system. At least it would so appear from the potential financial involvement in prospect as proposed in numerous new bills, some of which are receiving considerable attention by committees.

The American people, regardless of personal incomes, already enduring taxation at great sacrifice will resent continued excessive tax assessments, to say nothing of further increases. Small business, the backbone of our economy, is being confiscated. Industry expansion, while paying heavily on profits, has advanced largely through tax write-offs. In fact, our whole economy suffers from lack of assurance of a stable tax policy and the variations in Revenue Department's collection procedures.

In view of world confusion and constant threat to our way of life, an adequate defense program is a must. America will support it if assured of careful planning and economical administration. There is little prospect that annual defense costs may be appreciably reduced in the near future. By the same token, no relief from tax requirements may be anticipated from this source.

In this situation it becomes all too clear that the public can expect no relief from their tax burdens unless the Congress exercises its considered judgment in evaluating future legislation that will add materially to the already existing mandatory obligations of the Federal Government.

General salary increases, aid to education from grade schools to colleges and universities, Federal aid to medical and allied agencies, and increased grants to States for the conduct of Federal-State matching programs are ideal in their appeal, but for every invasion into these fields there must be found an additional source of general tax, an additional sacrifice imposed on a public

severely strained to meet the inflated costs of living.

Our strength as a Nation, our ability to resist Communist aggression, presupposes a satisfied and united people. These goals will be further from attainment if we continue to impose heavier tax burdens and permit inflation to eat away purchasing power.

Inflation and national debt can destroy us just as surely as military aggression. Our Nation, destitute of resources and financially bankrupt, could fall to communism without a shot. Commonsense dictates that we can no longer permit this American trend to dissipate the only dependable asset which in the past has been the bulwark of America's strength at home and our leadership among nations of the world; viz, national solvency.

It is with this view that I approach this problem of mutual security. We have undertaken an enormous job. It has cost us many billions in taxes extracted from our citizens. That it has postponed direct military conflict with Communist Russia is admitted. That we are further removed from the day of reckoning is subject to question.

However, as we view the international picture, most of us agree we cannot afford to abruptly terminate foreign aid. Many of our commitments are valid and must be respected, but in doing so we cannot afford to fail to recognize the rules of simple arithmetic. Either we spend less on defense and foreign aid, or we deny ourselves the luxury of continued social-welfare benefits at home. We cannot have both and remain a solvent nation. And without national solvency, we can have neither.

So it comes to this juncture. We must accept a foreign-aid program for the time being but refuse to admit that it will be continued into the indefinite future.

Most of the nations now receiving our financial and economic aid know full well that our people will not continue to support our Government in a program that exacts from them a major part of their resources. They will, however, reluctantly go along with a program that assures annual reductions in appropriations for foreign aid. If this policy of gradual reduction is followed and the Congress consistently refuses to legislate social-welfare schemes that can only reflect themselves in increases in the forced personal contributions from the earnings of each and every American citizen, then we may hope to move gradually toward a balanced budget when our economy may look forward to a period of sanity and solvency.

I propose to support amendments to be offered for the purpose of further reducing the amounts set out in the committee bill.

Mr. HOSMER. Mr. Chairman, the United States mutual security program, also called foreign aid, has been referred to as a giveaway, a hand-out, and pouring of United States money down a rat-hole. Yet a substantial majority of the 96 Senators and 435 Congressmen of each political party vote for the program year after year.

Are these legislators irresponsible and reckless? Are they so immune to criticism that they don't care whether they cast unpopular votes? Or do they support the program because they believe they must for the best interests of the United States notwithstanding the knowledge they will be criticized?

I believe they support it for the same reason I do—with a reluctance to spend the money—but with an honest conviction that it must be spent to supplement and round out our total defense against Communist aggression.

Of course, support for the program does not endorse the horror cases you sometimes read about where some bungling incompetent builds a hydroelectric project where there is no water, or a cowbarn where there are no cows. I am as outraged by such things as anybody else. But one thing should be made clear.

The House Committee on Foreign Affairs recently made a careful investigation of the 88 principal charges of waste and mismanagement against the administration of foreign aid. A good portion of these charges were set to rest by the investigation. Corrective action has been taken as to the remainder.

I also want to assure you that my support of the program is not based on any of this starry-eyed liberal business about helping the rest of the world out of the goodness of our hearts. I don't think you can buy friends and I believe it is unconstitutional to spend the people's money for any domestic or foreign program that does not go for the good of the United States of America. For that reason, I have consistently sought to amend out of the mutual security legislation money that I thought would not accomplish this purpose. I also have sought to amend the legislation in ways I thought would better accomplish this purpose, namely, the better protection of the United States of America.

I have supported the program in principal solely and only for the same basic reasons that such people as Senator Knowland have supported it. Namely, because on thoughtful analysis it appears to me to be a necessary adjunct to our regular military program in the overall defense effort against the Reds. In short, I honestly believe abandoning it would seriously weaken our position in the struggle against Communist aggression.

History helps explain.

There almost always has been some aggressor nation on the march against the world. Today it is Red Russia. Before in this century it was Germany under Hitler, Italy under Mussolini, Germany under the Kaiser. Going back further you find it was France under Napoleon, before that it was Spain, and so on.

Since each aggressor's ultimate reward has been defeat, history should tell us what inherent weaknesses of aggressors to exploit to our advantage against today's threat.

Looking at the historical pattern we find four invariable characteristics in a nation on the aggressive march:

First. Blustering statement of military invincibility calculated to frighten others into submission.

Second. Smokescreening the aggressive intent behind some crusading idea: Russian—communism; Hitler—race destiny; Napoleon—law, order, freedom from tyranny, and so forth.

Third. Satellization of neighboring countries.

Fourth. Alliances with noncontiguous countries.

Each of these historic characteristics mark Russian aggression today.

History shows us there is little threatened nations can do about the first two listed characteristics of an aggressor except employ counterpropaganda and ideological techniques. Our USIA program is designed to do just that. The wisdom of recent cuts in the program is therefore debatable.

As to the third, satellization, the experience of Napoleon with Holland is illustrative:

Under French bayonets a completely subservient stooge government was "elected" in Holland. Once in office, the stooges began giving trouble. Napoleon's answer was to depose them and set up his own brother Louis as King of Holland. Louis soon developed such a fondness for his Dutch subjects that he, too, began giving trouble, was deposed, and the territory incorporated bodily into France. There it became a thorn inside instead of outside the Napoleonic empire and contributed considerably to its ultimate breakup.

The situation of the Russian satellites today is strikingly similar. Despite stooge governments, the satellization process has not yet been perfected to the point where these countries can be relied upon by the Soviets to strengthen rather than weaken their apparatus of aggression. The two most powerful forces working against the Russians are: First, a spirit of nationalism in these countries, and, second, deep religious beliefs which constantly clash with the atheism of the Soviet regime. The Soviets never have seemed to realize their continuing antagonism to both these forces serves to render their satellization program imperfect and incomplete.

Unless and until the program is perfected, the satellites remain a source of weakness to Russia and a check on her aggressive designs. The intended victims of Soviet aggression, including ourselves, are thus posed the problem of how to assist these forces and block perfection of the satellization process.

Even though Tito in Yugoslavia and Gomulka in Poland are Communist stooges, are they such imperfect ones that some amount of aid would further their imperfections? Or would it just take a load off the Soviets? As a conscientious legislator I wish to heavens I know for sure—I want to do what is best for our country. Looking back on history gives you a general idea what needs to be done, but it certainly gives you no specific instructions as to the right answer to this particular question. And avoiding the wrong answer has much to do with our future safety.

Getting to the fourth aggression characteristic, alliances, the answers appear a little more clearly. Russia has been slower than expected in seeking alliances. Her first move was toward China. As corrupt as was its Nationalist Government a Soviet alliance was refused. In the absence of effective United States countermeasures, that government was replaced by a Communist regime that did ally itself.

On Europe, where United States action was effective in blocking Communist attempts to take over several countries, Soviet alliances were frustrated. Some say these countries are of little value as United States allies, so we have not gained. But the fact they are not allies of the Russians, who would straitjacket them into compliance, is certainly a factor favorable to us in the balance of power with the Reds. The mere thought of opening the Atlantic and Mediterranean seaports of France as naval bases for over 500 Russian submarines is a United States defense planner's nightmare.

Of late Russia has turned toward the Middle East in particular for alliances, and wherever else conditions appeared propitious. For various reasons which I shall not go into, but which are almost universally agreed on by geopolitical experts, it was to be expected that aggressive Russia would have turned toward the vitally strategic Middle East even earlier.

Thus far the Reds have obtained alliances with Egypt and Syria. Neither country is a satisfactory ally from the standpoint of national strength, but both are highly important because of their weakness from the Soviet point of view is their separation by Jordan and Lebanon. Conversely, it is a very definite advantage from the free world point of view, including our own, that Lebanon and Jordan stay in existence to continue the separation of the two countries.

Jordan has little economic reason for existence as a separate state. It was formed under British influence as a buffer state to solve somewhat similar British problems in the area during an earlier time. It has been kept sovereign and independent by an annual \$30 million grant from the British Government. Soviet subversion in Jordan has been effective in creating conditions which chopped off this subsidy as of March 31 last year.

With the Soviets pulling strings, the Egyptians and Syrians made a phony offer to put up \$10 million each per year to help their neighbor. At, I believe our behest, King Saud made a legitimate offer of \$10 million a year. At Moscow instructions, the Egyptians and Syrians already have reneged on their offer so as to bring about a collapse of the pro-Western Jordanian Government and give them an excuse to march in and join up with each other.

Much the same situation exists as to Jordan. There the prowestern government would not submit itself to Soviet domination as have Syria and Egypt. Thus the Soviets are stirring up riots and revolution, as you read in current

headlines, to replace the present regime with one subservient to the Communist pattern of aggression.

So we are faced with the question: Is it better to let these things happen, or to put up aid programs to forestall these important steps toward consummation of Soviet plans to capture control of the Middle East, control of the Suez, and control of Mideast oil which underlies Europe's economy?

Those whose lives have been devoted to study of just such things tell us the aid funds would be a drop in the bucket compared to what we would have to spend for increased defense if this Soviet aim should be accomplished. They give a similar answer with respect to the necessity of maintaining the Nationalist Chinese Government in control of Formosa, keystone of defense against military aggression from across the Pacific.

So it goes to a greater or lesser extent with various other points of a key military importance around the world. Most certainly these various nations have their own interest in not being gobbled up by the Communists, but we also have our own national security at stake in seeing to it that they are not.

Now there are some who do not regard the Soviets as being out to take over the Mideast, Far East or any other part of the world. If they are right, certainly there is no need for the program. But most legislators, who do see the Reds as menacing the free world, think that helping to provide arms and economic strength for the collective security program, organized throughout the free world, is a necessary part of our protection.

Let me explain this by showing where the money goes. This year's request is allocated as follows:

	Percent
Military assistance-----	46
Defense support-----	21
Development loan fund-----	16
All other-----	17
Total-----	100

Military assistance makes possible maintenance of over 250 active military installations in other countries, including our own strategic air bases. It keeps hundreds of thousands of men armed and ready to fight against the Communists in such key places as Korea, Formosa, Pakistan, Turkey, and so forth. Just how we could get along without such bases and such manpower from other countries, helping the total defense effort against the Reds, is hard to see.

Defense support, largely in the form of supplies, including surplus agricultural commodities, and even money to pay soldiers' wages, allows such anti-Communist countries mentioned above to keep trained men under arms which they could not otherwise afford to maintain. Without them, we would probably have to mobilize United States soldiers at a much greater cost per soldier to do the same jobs.

Perhaps I have not explained too well, so I would like to quote what Gen. Nathan F. Twining, Chairman of the

Joint Chiefs of Staff of the United States, said on that point:

The cold facts of the matter are that the security of the United States depends upon our collective security system, which, in turn, depends upon our military assistance program.

There may be some alternative to collective security and military assistance. Maybe those who make the broad charge that all money spent in this area goes down the rathole—know what that alternative is—but so far no responsible military man has been able to think of it.

We simply don't have the manpower, the material or the money to take on the entire defense of the free world ourselves and the defense of the free world is a condition precedent to our own defense. If a substantial part of the free world falls or slips behind the Iron Curtain, our chances of being able to defend ourselves dim in proportion.

Development-loan fund and all other lump together the parts of the program which, by either loans or grants, seeks to improve economic conditions in various free-world countries needing technical skills and capital. The plain and undisguised purpose of this is to prevent such things as occurred in Guatemala 3 or 4 years back where the Communists managed to establish a beachhead in the Western Hemisphere. Had not certain mutual security contingency funds been available, operation "snatchback" in that country could not have succeeded.

As of last February 1 the Soviet bloc had made their own foreign-aid loans and grants, totaling around \$1.6 billion to such countries as Syria, Egypt, Ethiopia, Afghanistan, India, Burma, Indonesia, and the like. These are obviously for beachhead purposes. By comparison, Congress has been asked to appropriate about \$1.3 billion for counter purposes, not of course, for use in all these same countries.

A look at the world map shows why the Communists are attempting to penetrate these areas. For our protection against their aggressive moves from behind the Iron Curtain proper, we have established military and diplomatic arrangements with many of the countries of Europe and Asia which are adjacent to Soviet territory. This free-world protective ring of nations around the Soviet border has an obvious relation to our own defense if, in fact, the premise is accepted that the Soviets really intend to do all possible to take over the entire world, and if, in fact, what General Twining says is a correct assessment of the situation.

What the Soviets are now attempting is to leapfrog over this protective ring and gain influence over countries in the Mideast, such as Syria and Egypt, in the Far East, such as Burma and Indonesia, in Africa, such as Ethiopia, and in Central and South America.

If they are successful with their leapfrogging operation, we will be threatened from the rear by numerous Communist bases of aggression, as well as from inside the Iron Curtain itself. We need only to remember how distressing the Guatemalan situation in our own backyard was to reckon how serious that could be. The shameful and violent attacks on Vice President Nixon in Peru

as well as the violence in Lebanon are ample evidence of vigorous Communist activities in such countries.

Looking at the countries sought to be penetrated by the Reds, it is apparent they are concentrating their efforts where local poverty and backwardness afford the best opportunities for taking over. Thus it seems to many that, directly related to our own defense and security, is an effort to make some improvements in the economies of such countries to make them less susceptible to Communist false promises of economic miracles and short cuts to progress.

Thus, in relation to our direct military defense budget of something over \$42 billion, the something less than \$4 billion proposed to be spent for military and economic foreign aid would seem reasonably required to round out the effectiveness of our overall United States defense effort.

There is another factor in considering the matter that also bears some thought. Contrary to some beliefs, foreign aid money is not simply turned over in the form of greenbacks to other countries. Seventy-eight percent of this money is actually spent in the United States to buy items which then are shipped overseas. The latest calculations show that the program provides roughly 600,000 jobs in the United States, and about 35,000 of them in California. Nor is the other 22 percent of foreign aid money wholly lost. It comes back to the United States by way of dollar payments for United States items purchased by these foreign countries.

These foregoing considerations, along with others not specifically mentioned, are in the minds of the Nation's legislators when they vote on the mutual security program. They should be reassuring even to those who for reasons of their own convictions oppose the program. For they indicate that those for, as well as those against the program, have taken their positions responsibly and in full consideration of all the facts they have available. Thus their differences of opinion as to what is best for the United States are matters of honest differences in judgments, but not irresponsibility.

Mr. BOSCH. Mr. Chairman, I have a profound respect for the opinions of my constituents, as evidenced by their responses to my periodic questionnaires. In the past few years I have included a question dealing with continued foreign-aid legislation. The most recent questionnaire sent out during this session has once again disclosed the substantial opposition of the people in my district to this program. This is not my sole basis, but is just one of the factors taken into consideration in arriving at my conclusion as to what I believe to be in the best interest of our country and its citizens.

Let us look at the overall figures which pertain to this legislation. It is reported that on June 30, 1958, there will be a total unexpended balance of \$5,194,922,000, to which we add the amount recommended in this bill of \$2,958,900,000, in addition to \$644,192,500 which was authorized last year. The total dol-

lar pipeline is, therefore, \$8,798,014,500. It is also reported that there is on hand in local currencies administered by mutual-security agencies the sum of \$3,331,293,000. The final grand total, therefore, if the present legislation is adopted as reported, will be \$12,129,307,500—quite a pipeline, to say the least. So we find, Mr. Chairman, that we could very well carry on any sound program with what is still in the pipelines without authorizing additional billions of the American taxpayers' dollars.

It might be well to here pause and review some of the distressing consequences of our policy which over the years has brought us no friends, nor has it created an atmosphere of peace. This in spite of the continuance of this program for 13 years at a cost in excess of \$70 billion, of which Communist countries received an estimated \$2,252,112,000. How can one justify the advocates of the foreign aid's argument that its prime purpose is to defend the free world against communism when we admittedly send aid to our mortal enemies—the Communists. As if this were not enough, we find a continuation of support for such countries as India, Yugoslavia, and Poland, whose allegiance to the aims and policies of communism cannot be disputed—just look at their past performances. No one has ever satisfactorily refuted the reports of waste, extravagance, and outright dishonesty on the part of recipients of this aid. It is hardly believable that the American people's money is spent, first, on a survey to ascertain the sexual habits of Nehru's Indians; second, \$1 million to bolster the fishing industry of Pakistan; third, the building of a military highway of highly questionable value in Vietnam; fourth, to plant wild-grass shoots along public highways in Lebanon; fifth, to pay for expensive airfields in Afghanistan, where most travel is still done on the backs of camels; sixth, providing costly electronic microscopes and technical equipment in regions of the Philippines, where no power is available for their use; seventh, expending funds to buy luxury goods and to protect the internal political groups of Laos; eighth, in Thailand to build a highway estimated to cost \$6.5 million, on which we have already spent \$18 million for just about half of the originally planned highway for use by 9,000 automobiles; ninth, providing dress suits for Grecian undertakers; tenth, public baths for Egyptian cameldrivers; eleventh, free airplane rides for thousands of Arabs to visit their religious shrine in Mecca; and, finally, twelfth, in spite of the discovery of loose, slipshod, and unbusinesslike spending of more than \$250 million in Iran, the Shah tells us to come across with more millions to support his army or he will seek the cash from Moscow—this may be a good place to call the bluff—and let us see what Russia can or will do.

I have often heard it said that it is better to spend this money than to have our boys on foreign soil. Let us explore that myth right here and now. Today we have more men of our fighting forces spread all over the world than at any other given peacetime in our history. I

have always maintained that our country must have the best military establishment since it remains the sole bulwark against communism in the world.

Mr. Chairman, I am firmly convinced that we cannot continue to help other nations reduce their own national debt, balance their budgets, and give reductions in taxes to their people, while we expect the American taxpayer to continue to carry his heavy taxload. It is all right to talk about increasing the standard of living of others throughout the world, but it is quite another thing to find one good morning that we have done just the reverse and reduced our own standard of living. We owe an obligation to our American people to practice financial and fiscal responsibility.

Mr. ALGER. Mr. Chairman, foreign aid or mutual security has now reached a critical stage and this legislation will establish a pattern for years to come. Either the program will begin to contract or it will continue to expand. I believe the time has come to contract. In support of these views, I desire to place before the House certain facts and conclusions.

First. By June 30, 1958 expenditures for military and economic foreign aid since July 1, 1945 will have amounted to approximately \$70 billion. This is the equivalent of one quarter of our national debt. The interest on this sum approximates \$2.5 billion annually which is a continuing charge and must be added to the annual expenditures of foreign aid in order to arrive at the total yearly cost. As foreign aid expenditures grow so will the interest charges.

Second. Annual military and economic foreign aid expenditures have averaged at least \$4.5 billion in recent years and there is no sign of any reduction. On the contrary the President will request for fiscal year 1959 \$1 billion more of new money than was appropriated for fiscal year 1958.

Third. Under the Marshall plan in 1948, foreign aid was given to some 14 countries. Assistance is now being extended to 67 countries and the number of recipients is increasing each year.

Fourth. The managers of foreign aid have represented that 75 percent of our assistance is military. This is inaccurate. In fact more than 60 percent of foreign aid expenditures are for nonmilitary items and services.

Fifth. Very large amounts of military aid have been wasted by bad planning, mismanagement and lack of proper controls.

Sixth. The waste and extravagance in every phase of the economic aid program have been grotesque. The list of horrible examples in country and country over the years is far too long to enumerate and the amount dissipated runs into billions of dollars.

Seventh. Point 4 was originally intended as a means of teaching teachers and imparting American skills and know-how. However, it has become inextricably involved with industrial development, lush engineering contracts and surveys, and other programs that have no relationship to the original purposes. It has also become so diffused through our efforts to do a little of everything in

every part of the world that at last count we were conducting nearly 2,000 technical cooperation projects. It has proved impossible to man and supervise all these projects properly.

Eighth. Large amounts of foreign aid have been used to meet the deficits and to reduce the internal debts of recipient countries. United States treasury checks have been handed to ministers of certain countries for budget support or other purposes without further knowledge of who ultimately received the money and how it was spent.

Ninth. More than \$2 billion of foreign aid has been given away to countries antagonistic or unsympathetic to the United States and to our way of life. This includes Russia.

Tenth. Large grants and loans have been made to countries that have done everything possible to discourage the investment of foreign private capital.

Eleventh. A significant amount of economic aid has been accorded to recipient countries in the absence of adequately justified programs. This kind of political assistance becomes a substitute for sound diplomacy and definite policies and therefore takes on the characteristics of bribery or blackmail.

Twelfth. The Development Lending Fund upon which the administration now places so much emphasis is unsound in its conception because of the weight given to soft currency loans. The Fairless committee appointed by the President to study foreign aid, condemned soft loans and said, "our relations with other countries will suffer from United States control of large amounts of their currencies." We cannot convert these currencies into dollars, and shall therefore either have to use them within the countries under conditions that open us to the charge of imperialism or give them away in which case the so-called loans become a device for further grant aid.

Thirteenth. Administration propaganda to the effect that the Soviet bloc is outspending the United States in economic assistance to countries we wish to preserve for the free world is entirely incorrect, as I understand the facts.

Fourteenth. In the expansion of this vast program which started as a 4-year emergency project under the Marshall plan but which is now put forward by the administration as a semipermanent instrument of our foreign policy, a constantly growing and self-perpetuating bureaucracy has entrenched itself and in reality controls both policy and operations. There is ample evidence that this bureaucracy is convinced that man's life in various parts of the world must be planned and regulated with the help of foreign aid funds. This is not the traditional American way of thinking.

I, for one, cannot accept the mutual-security bill in its present form with all its waste or as an ever-expanding and permanent political giveaway.

Reasons for this conviction are simple. What we, as a Nation, are now doing is beyond our capacity to plan, staff, and manage properly and our stated long-range objectives are over and above the ability of any government to achieve.

We cannot buy friends or allies, nor can we influence men's political attitudes and change the ancient cultural patterns of other countries by the use of dollars. To suppose that we can is to accept the Marxian doctrine of economic determinism. Many of the things we are undertaking in the technical and economic development programs cannot be absorbed by the recipients for a long time to come, if ever. The more deeply we become committed the greater will be the demands upon us by the recipient countries. The longer they can count upon our aid the less will be their incentive to create the foundation for their own self-development. Since they cannot progress fast enough to use productively all of the aid they manage to extract from us an increasing amount of our dollars will go into budget support as a political expedient. This can prove to be a bottomless pit resulting in the worst kinds of inflation, the socialization of most of the undeveloped countries and an intolerable burden upon the American taxpayer.

I recognize we are so deeply committed to foreign aid in a number of countries that any abrupt cessation would almost surely bring about grave political and economic consequences. Since continuation in these areas is inescapable we must go on for the time being, but I urge that an all-out effort be made now to assure better use of appropriated funds and the adoption of policies that would result in the gradual contraction and eventual termination of the program rather than its indefinite expansion. The way to start is to reduce appropriations drastically this year, and thereby compel a reorganization of the personnel structure and place an automatic check upon profligate spending and political giveaways. There is enough money in the pipeline without authorizing more.

Signs point to a large national budgetary deficit for next year with further inflation. Under these circumstances how much more foreign aid waste can our people stand?

The time has come for us to stop and evaluate the program before authorizing more expenditures.

Mr. WOLVERTON. Mr. Chairman, I wish to commend our colleagues, the gentleman from Missouri [Mr. CARNAHAN] and the gentleman from New Hampshire [Mr. MERROW], members of the House Committee on Foreign Affairs, for the unique and unusual manner in which they presented the arguments in favor of this bill in opening the general debate on yesterday.

Not only the arguments, including facts and figures, which they presented, but the dual manner in which presented, made one of the most effectual and convincing statements that I have ever heard in support of a bill during my 32 years of membership in this body.

Furthermore, the fact that Mr. CARNAHAN, a Democrat, and Mr. MERROW, a Republican, presented the statement jointly and with such complete unanimity of thought and argument made plain the bipartisan character of the support

that is being given to this bill. It will undoubtedly result in its passage by a majority that will demonstrate that in our foreign affairs both political parties think and act together for the good of our country.

It is well that we should act in times such as the present with unity of purpose and absence of partisanship. Unity of political parties within our own country in solving world problems that affect our national security is not only necessary, as well as advisable from the standpoint of our individual national best interest, but also because it means additional strength and influence upon our part with our allies throughout the world.

The enemies of our country and the other free nations of the world are tireless in their efforts to bring disunity within the ranks of the free nations. They know that so long as we stand together it is impossible for them to accomplish their purpose to take over the free nations and thereby rule the world. It behooves us, therefore, to be alert and bring every power that we individually and collectively as free nations can muster to maintain and make secure our existence as free nations.

In this great struggle our Nation has taken the leadership. The other free nations of the world look to us for leadership as the most outstanding democracy in the world. We cannot fail them at this critical time. To do so would mean capitulation to the forces of evil. The results that would follow are fearful to contemplate. It is true that the support we have extended to our less able allies for a period of years has cost us money, but who will dispute the fact that it has brought us highly beneficial results. The solidarity that our aid has brought among the free nations has been helpful in maintaining peace.

We have the choice of saving dollars or saving the lives of our boys. I speak not only my own thought, but I believe I speak the desire of America when I say the people of this Nation would rather see us expend money in foreign lands in the manner provided for in this bill than expend the lives of our boys on foreign battlefields.

Too frequently emphasis is laid on the amount of money our Nation expends to support the mutual security aid program, and no mention is made of the amount that the nations themselves, who received our aid, expend in furtherance of the program. In this connection it is well to realize that during the 8 years of this mutual effort our contributions have been but a small part of the total. During this period we have contributed approximately \$20 billion for military assistance, while nations associated with us in this collective security effort have made defense expenditures totaling \$122 billion. Furthermore, it should also be realized that a great portion of the money appropriated under the provisions of this bill is actually expended in this country in the production of the many items provided by us for the aid of other nations. In fact, it has been estimated that the money actually spent in this country under the terms

of this bill will give employment to 600,000 workers in our own country.

Thus, it is not a one-way street. It is mutual and the results of combined contributions inure to our benefit as well as to the nations assisted by strengthening and making strong our mutual security. The importance of this joint effort that not only strengthens the military but also the economic forces of our allies throughout the world can be better appreciated when it is realized that all that is accomplished becomes available to us in time of need. This is by reason of the agreements we have made based on mutual security. This can be of tremendous value to us if we should ever again become engaged in global war. We certainly trust that such an emergency will not arise again. But, to be prepared is the course of wisdom. Furthermore, and, likewise of great importance is the fact that the strength to resist that is created by joint efforts is undoubtedly a deterrent against the starting of war by our enemies.

The importance of mutual security should be considered not only from a military standpoint but also from the standpoint of the economic advantage that is created by the aid we expend of an economic character. Such aid likewise gives strength to our weaker allies. It makes them more self-reliant. It strengthens their ability to maintain democratic principles. It makes them less likely to succumb to the wiles of a designing enemy. They need us and we need them. No one nation can fight the battle of freedom alone. Our enemies are powerful. We must adopt every possible means to enable us and our allies to also be strong. This means the giving of economic as well as military aid.

I am aware of the fact, as opponents of this bill assert, that there should be an improved administration of the aid we extend, which in some instances has been lax and merits the criticism that has been brought upon it, but, this in itself in my opinion is not sufficient justification for refusing all aid. The remedy is to improve the methods of administration so that only what is necessary and calculated to produce the best results be undertaken. I also agree that there should be a constant and careful review of all the conditions relating to the entire program. And, particularly do I feel that means should be adopted to bring to our allies a better understanding of the altruistic purpose that dominates our Nation in the aid it extends. There is evidence at times of a lack of appreciation or understanding. This could and should be corrected. However, regardless of the necessity there may be at times for improved administration and improved understanding, nevertheless, the fact remains that the overall results have been most gratifying. We have seen weak nations made stronger and more determined to lead the way of life that is based upon individual freedom. The onward rush of communism has been stopped and the nations of the free world made stronger

and more determined to hold the line against Communist aggression. And, above all, we have peace and not war.

In conclusion, we should never overlook the fact that the purpose of this bill is to strengthen the free world by providing mutual security. It is necessary in these uncertain and perilous times. It is based upon the fundamental truth that there is strength in unity.

The bill has the support of leaders in every activity of our national life—business, finance, education, and religion, as well as that of our military advisers. It deserves and should have our overwhelming support.

Mr. COLLIER. Mr. Chairman, far be it from me to feel that any argument I may present against the mutual security bill before us will convince any Member of the House to vote for or against it. In all humility and respect, I submit that the long debate on this legislation which has transpired has changed few minds one way or the other. I would even go so far as to say that had the vote on this bill been taken Monday, the results would be materially the same as they will be at the close of the long and oft repeated claims of both the proponents and opponents of the foreign-aid program.

However, I feel obliged to speak out against the bill before us because it is my deep conviction that the Mutual Security Act is neither mutual nor does it offer any evidence that any degree of security has been achieved by it.

To properly appraise the program before us, one must start with the premise of its existence. Foreign aid was inaugurated as the Marshall plan at the close of World War II and was designed specifically to assist war-torn nations in a reconstruction program. Our present foreign-aid program followed the termination of the Marshall plan. Here, more than a decade and \$76 billion later we find ourselves with a "bull by the tail." Let me ask every Member of the House this question: Have we gained in stature in the eyes of other nations or have we won more people of the world to the cause of democracy during this past decade? This is a question that I do not have to answer for there is no better answer than international events have already written into history. One can dispute the future because there is no way of seeing ahead and offering any proof of projection. But history, as it is written, can hardly be disputed even by a stretch of interpretation.

There are those in my district who admit that the program has failed badly in achieving the purpose of its origination. Yet they are willing to accept it as a means of doing good for other nations. But, has it done good for the gallant anti-Communist rebels who are today waging a battle for freedom from communism? Are we not standing by and watching pro-Communist Poland, Czechoslovakia, and Yugoslavia assisting the pro-Communist government of Indonesia strike down those who dare fight to remain free? If this is to be interpreted as doing good, then my conceptions are entirely diametrical to those who feel otherwise.

It is time that we stop being naive about this program upon which we have embarked and upon which we are reaching the point of no return. Listed below are the Communist countries who have received aid from us from July 1, 1945 through June 30, 1957:

Albania.....	\$20,444,000
Czechoslovakia.....	215,410,000
East Germany.....	17,339,000
Hungary.....	31,938,000
Poland.....	442,698,000
Soviet Union.....	687,929,000
Yugoslavia.....	836,354,000
Total.....	2,252,112,000

And, to further show that even during the past 2 years we have aided Communist nations, it is well to point out that we have spent a total of \$55,428,000 in East Germany, Hungary, and Yugoslavia from July 1, 1956, to June 30, 1957.

We gave more than \$10 million in foreign aid to Communist Hungary where the Red Army crushed the anti-Communist rebellion of free men.

Perhaps we should be reminded too that six nations who received aid from the United States under this mutual security program refused to support the resolution in the United Nations last September which simply cited the Communists for their brutality in Hungary the previous year. Specifically, these nations were Nepal, Saudi Arabia, India, Indonesia, Afghanistan and Ceylon. Does not any intelligent person ask himself in the face of this action: If these nations refused to stand up and be counted in the United Nations in support of a moral issue such as was involved in Hungary, could we possibly conceive that any one of them would support us if a real emergency arose?

Even members of the clergy and the American people who are desirous of doing good for other nations must find themselves caught in the web of the inconsistency of this Mutual Security Program. Let us not forget that nearly 80 percent of the sums appropriated are for military assistance. The rest is for economic and technical assistance with the latter representing a very small part of each foreign aid dollar and in my opinion the technical assistance phase of the foreign aid program is certainly the most justifiable of these three phases. But, we must remember that the mutual security bill embraces all categories of assistance in a single package—an all or nothing at all proposal.

The United States represents less than 7 percent of the total population of the world. Although many may be under the impression that we have most of the wealth of the world, a simple survey of the natural resources from which all wealth is derived proved quite the contrary. There are many nations receiving economic assistance from us who have an abundance of resource wealth. They have just simply not attempted or learned to apply their human resources to develop it. It is upon this reasoning that I feel the technical assistance phase of foreign aid, if it must be called that, is feasible.

But, by the same token, even assuming that economic aid in all areas of

need is the answer to the problem of deterring the spread of communism, we must logically accept the fact that satisfying want for the moment offers no permanent answer and unless there is a permanent answer to kindling the desire of men and nations to be free—where do we go from here—and what period of time can we possibly project to the ultimate achievement of this program? Certainly no one I have asked this question can offer any logical answer.

When we get into the realm of military assistance, we embark upon new problems, new risks and new calculations. Take any one of the many small nations. Some are smaller in area than our own State of Illinois—and try to project their effectiveness as a military force in the event of an all out war. We need only to look back at the so-called invulnerable Maginot Line which was smashed in a matter of days by the German offensive at the start of World War II. Is one sensibly to believe that the Soviet Union with its highly trained massed forces—with its modern weapons and nuclear offensive power would find any resistance in these small nations—even if their forces were combined?

Or are we to assume that this military assistance is merely a form of compensation for granting the establishment of our own bases in a defense perimeter around the Soviet Union. This would have to be the reasoning behind military assistance in my opinion—for currently the United States military bases are the only means by which we could retaliate effectively today if we were attacked.

But, within a comparatively short time, even this is likely to change as the development of nuclear weapons both from the air and sea reach their final stages. All of these factors tied closely to the purse strings of our own economy and fiscal stability leave grave doubts—doubts from which decisions must be made.

I am convinced that any further drain on the Federal Treasury in the face of the greatest national debt we have ever borne may well create a greater threat to our security as a nation than that of the Communist enemy. If this Nation, as a bastion for democracy, spends itself into bankruptcy we may not only be forced to discontinue the foreign aid program but likewise yield to the forces that would destroy the way of free men all over the world.

UNWANTED FOREIGN AID

Mr. PHILBIN. Mr. Chairman, it is interesting and timely to note the disagreement between political leaders in that far away land of Nepal regarding the methods and effects of our aid programs. It is serious that any of these leaders should believe that American officials are interfering with Nepal's internal affairs or using bullying tactics to force foreign aid upon their people.

It is also interesting to note the kind of aid that we are currently rendering to Nepal, an ancient mountain kingdom 11,000 miles from Washington. Up to 1950 Nepal was virtually isolated from

the civilized world. Naturally, conditions in the country are not modern, and telephones, railroads, highways and literacy are being developed.

In the light of the fact that we have so much difficulty getting Federal assistance for airports, hospitals, training teachers, improving rural health and building roads and additional communications systems in our own country, it is pertinent to note that our foreign-aid officials are considering these things for Nepal.

Already more than \$10 million has been pumped into this small kingdom, and it is planned to spend \$10 million more this year on a host of welfare problems, multipurpose development schemes, opening up virgin territory, road systems, and roadways to connect various parts of the realm.

Reports of such activities do not tend to enhance the current opinions held by the American people regarding some of the programs being carried forward by our foreign aid officials. But the Nepal experience has numerous counterparts, of that we can be sure, and it is a very serious problem for the Congress to consider and act upon.

If Congress would move to eliminate the abuses and instances of waste, extravagance, and improvidence in the aid program, it would not only bring it more in line with American public opinion, but it would also meet with the approval of many leaders and people throughout the free world. Such action would strengthen the program in an immeasurable degree.

I include as part of my remarks a recent article from the New York Herald Tribune regarding our foreign aid in Nepal.

[From the New York Herald Tribune of May 4, 1958]

NEPAL POLITICIANS SPLIT OVER VALUE OF UNITED STATES AID

KATMANDU, NEPAL.—The American foreign-aid program has become a political football in this mountain kingdom 11,000 miles from Washington.

Some Nepalese politicians have little that is good to say for a program which already has pumped more than \$10,000,000 into this Illinois-size realm and this year is to spend \$10,000,000 more.

The most extreme critic, former Premier K. I. Singh, contends the aid program actually is hurting American prestige in Nepal. "Why do you buy discredit instead of credit?" he asked an American visitor.

He has charged that American officials have used bullying tactics to insure that American aid is used as the United States sees fit. He asserted the American and British missions seek to help elements fighting Communist rule in neighboring Tibet. This, he contended, would "drag Nepal into the vortex of international conflict and could result in another Korea."

DENIES UNITED STATES INTERFERENCE

American Ambassador Ellsworth Bunker denied that the United States has interfered in Nepalese affairs. His statement said the United States considers Nepal a sovereign and independent nation. He emphasized that all projects involving American funds are chosen and approved by the Nepalese government.

Some observers say Mr. Singh denounces American aid for lack of a better political issue to use. But other political leaders also criticize the way the dollars are being spent.

As a result, the 44 American technicians now in Nepal often find themselves on the defensive.

Nepal did not really enter the 20th century until 1950, when the Rana dynasty of hereditary premiers was overthrown. The Ranas had rigidly kept out foreign influence for more than 100 years.

Approaching democracy for the first time, Nepal had no telephones, no railroads, and no highways. Less than 3 percent of the people could read and write.

CABINETS CHANGED FAST

In the first 6 years after the Ranas were overthrown, Nepal had almost a dozen governments. They changed so fast that the American aid program hardly got off the ground until 1956, during the administration of Premier Tunku Prasad, which lasted nearly 18 months.

When Mr. Singh took over, he wanted a different set of projects. The aid program again halted practically dead in its tracks.

But after 110 days Mr. Singh was himself dismissed. King Mahendra took over the government through a secretariat reporting to the palace. The aid program resumed as before.

Along the way, the ideas of many political leaders have been thwarted. One of the big arguments is over the level for the aid program.

Should American technicians build a multi-million-dollar airport and a 200-bed hospital, as some political leaders suggest? Or should they concentrate on training teachers, improving rural health and agriculture and building roads and a communication system for a country which has virtually no links but footpaths?

OPENING UP VIRGIN LAND

"We want to give them what they want," one American official said. "The only thing we try to make certain is that the projects are worthwhile and practicable."

Joint boards currently are operating in agriculture, minerals, industry, health, education, village development, and public works. In the Rapti Valley, in central Nepal, a multipurpose development scheme is opening up 30,000 acres of virgin land to agriculture and industry.

Other major projects agreed upon this year include a road system covering 900 miles and ropeways to connect the Rapti Valley with Katmandu.

Mr. MORGAN. Mr. Chairman, I yield the remainder of my time to the gentleman from Maine [Mr. COFFIN].

(Mr. COFFIN asked and was given permission to revise and extend his remarks.)

Mr. COFFIN. Mr. Chairman, underlying much of the criticism of our mutual security program, there appears to be an uneasy feeling that we have not done especially well in this field. But I believe that a study of our foreign-aid program over the past decade from the standpoint of organization, concept, and technique, reveals an excellent record of ability to adapt to changing conditions, to devise programs to meet new problems, and to profit from experience. Nevertheless, we may often feel that we are plagued by ungrateful friends, expanded Soviet influence, and the persistence of the cold war.

Our greatest need, as we come to this and similar legislation, is to develop a sense of maturity. This, for a nation still young, is hard to do. It means that we recognize that a power struggle is not soon over. It means that we, as a great leader, develop an extremely tough hide, so that minor ingratiitudes do not upset

us. It means that if our optimism must be tempered by the outlook for the long haul, our pessimism must be leavened with a sense of our achievements and our progress.

Our achievements as to substance are capsuled in our report on page 4. I want to address my remarks here to our manner of carrying on this worldwide responsibility, which we did not and do not want, which we were not prepared for, and in which we had little or no experience.

If one does not have the perspective of the past decade in mind, if one has no idea of all the hurdles of operation that have been surmounted, he cannot debate this bill responsibly.

In the few minutes at my disposal I want to map the road we have traveled since 1947, filling in with bold colors the major events of each period, the structures we created to meet the needs revealed by these events, and the ways in which we improved our operations both in concept and in administration. I shall refer to five major periods of foreign-aid experience in these past few years.

A. POSTWAR ECONOMIC REHABILITATION

First. Events of the times: Rising to the challenge of a threatened Communist takeover of Greece and Turkey, Congress, at the request of the President, extended aid to these nations on May 15, 1947. Secretary of State Marshall proposed his more comprehensive plan on June 5, 1947. Within 10 months Congress had approved the Marshall plan.

Second. Our response: To administer the plan Congress created the Economic Cooperation Administration. This was a temporary, independent agency, headed by an Administrator with Cabinet rank who consulted with the Secretary of State. There was much administrative and financial flexibility. Despite the fact that it was a new agency doing a new job, ECA completed its 4-year job 9 months ahead of time for \$4.5 billion less than had been planned. The moral to be drawn from this record is that real economy in foreign-aid operations may sometimes be more easily realized if a certain continuity is guaranteed by a multiyear appropriation. It was this thinking that ultimately led to the creation of the development loan fund.

Third. Improvements under ECA: In the 3 years of ECA's existence, a guaranty program was devised and improved to encourage the participation of private investment; end-use checks were set up to insure proper use of the aid given; counterpart funds were utilized as a device for local financial stabilization and stimulation of production; gradually a shift in emphasis from merely providing dollar exchange to project financing to hasten recovery took place.

B. THE MILITARY STRENGTHENING OF EUROPE

First. Events of the times: The exclusive focus on economic recovery had to yield to such ominous events as the Berlin blockade, April 1, 1948; the Communist takeover of Czechoslovakia, February 25, 1948; the creation of the Cominform; the Soviet rejection of the Marshall plan; and particularly the explosion of a Soviet atomic bomb, reported

on September 23, 1949. Now there was a danger of limited aggression against the background of an atomic stalemate.

Second. Our response: The North Atlantic Treaty Organization became a reality on April 4, 1949. Congress breathed life into it by the Mutual Defense Assistance Act in October 1949, extending military assistance beyond Greece and Turkey to all 15 NATO nations. At first the emphasis was on end-use military equipment, accounting for as much as 94 percent, and for an increase in the military part of our foreign aid up to 38 percent in 1952.

On the economic side, the Economic Cooperation Administration was moving into the fields of power facilities and heavy manufacturing, to help gear Europe to a possible military threat.

Third. Improvements in program: As NATO hammered out a unified command and coordinated staff functions, we worked into our military assistance program the concept of "infrastructure," facilities which were to be used in common by the forces of NATO countries. Through this approach, the military backbone and nerve system of Western Europe has been created, consisting of jet airfields, naval bases, air warning system, oil pipeline, oil storage, and communications networks.

C. PREPARING FOR THE LONG HAUL

First. Events of the times: At some point in the early fifties it began to be apparent that the 4-year Marshall plan, although spectacularly successful, was not going to answer our problems once and for all. We began to realize that there were heavy obligations on the post-war leader of the free world. These obligations could not be discharged, nor our security insured, simply by rehabilitating Western Europe. We saw that the contest had to be carried on a larger stage. China had fallen to the Communists in 1949, thereby threatening all of south and southeast Asia. Indochina became a critical area and the Korean war broke out in 1950. We also gradually realized that, although, with the Korean armistice, there was less imminent danger of war, there was the post-Stalin danger of the Soviet smile. We had to accept the reality of the long haul.

Second. Our response: As early as January 20, 1949, we took cognizance of the needs of "the great uncommitted" when President Truman made his point 4 proposal in his inaugural address. The Technical Cooperation Administration was created by Congress on June 1, 1950, within the State Department. The ECA still administered general economic assistance, and the Department of Defense shared in decisions involving the balancing of military and economic programs. Both ECA and Defense yielded to State, which not only had policy direction, but directed the military program and controlled allocations and procurement.

Third. Improvements in program and administration: In the field of technical cooperation, the new TCA drew heavily on what we had learned in the Institute of Inter-American Affairs and the ECA in colonial areas. It focused in these early years on health, sanitation, agriculture, and education.

In military assistance, we began to devote more attention to Asia. SEATO and the Baghdad Pact were created. To the member nations, and to Free China, Japan, and Korea, we gave assistance. The change is reflected by the figures; in 1949-51, aid to Asia was under 8 percent; by 1954 it was 32 percent.

D. OUR FOREIGN AID STRUCTURE MATURES

First. Events of the times: On June 30, 1951, the Marshall Plan came to an end, but not our obligations in the field of foreign aid. We had made progress in our concepts, in our organization, and in our techniques. But our approaches—technical assistance, economic aid, military assistance—were not closely coordinated. There was increasing demand for more coordination.

Second. Our response: On October 31, 1951, Congress passed the Mutual Security Act, which was the first single-package approach. Coordination was sought through a Mutual Security Director at the level of the Presidential staff. But actual duties were still scattered, with the new Mutual Security Agency carrying on economic aid functions, Defense doing what it had previously done, and State carrying on with technical cooperation. In 1953, as a result of the report of the Rockefeller Advisory Committee on Government Organization, a new Foreign Operations Administration took over the Mutual Security Agency's duties as well as technical cooperation. FOA operated under the policy direction of the Secretary of State.

The final steps toward a unified structure were made in 1955 when Foreign Operations Administration was brought within the State Department as the International Cooperation Administration, and in 1957 when ICA's coordinating functions were transferred to the Deputy Under Secretary of State for Economic Affairs.

Third. Improvements in program and administration: As the unified mutual security program developed, several new features were worked out. Economic assistance was given to those of our allies where their military forces were greater than their economic base. Sales of surplus agricultural commodities were used for the dual purpose of relieving us of some of our surpluses and of aiding military and economic programs in other countries. Increasing encouragement was given to private enterprise, by means of new investment guaranty agreements, and loans from proceeds of surplus agricultural sales. Regional cooperation in Asia was urged through the Asian economic development fund. When Asian nations proved not ready to act regionally, the fund remained largely unused, but it remains as an incentive and as an act of substantial leadership on our part.

In the meantime, the task of recruitment and training was being improved, with American universities under long term contracts developing training centers abroad, and with the number of administrative personnel being reduced, despite an expanded program. Programming was tightening up with goals and termination dates required, greater stress on loans than grants, standardized submission of country programs, and

shortening the period between submission of programs and allocation of funds. Supply pipelines were being reduced.

E. SHARPENING THE TOOLS FOR THE NEW THREAT

First. Events of the times: In the past several years it has become unmistakably clear that to the threats of aggression and subversion, the Soviet has added a massive economic apparatus devised to convince not only the uncommitted but even the friendly nations that their future can best be served by economic relationships with Russia. One billion nine hundred million dollars of economic aid and soft loans in the past year or so to selected nations of Asia mark out the dimensions of the new challenge.

Second. Our response: In effect Congress accepted this challenge last year when it established a \$300 million development loan fund, with an authorization of \$625 million this coming year.

Third. Improvements in program and administration: The past several years have seen continuing refinements in concepts and techniques. In military assistance, we have set up a revolving loan fund of \$175 million to help NATO countries finance their purchases; we have set up a new weapons program; we have taken the leadership in pooling effort for new weapons development, and in placing nuclear warheads and intermediate range missiles at the disposal of the supreme allied commander; we have utilized electronic data processing machines to accelerate programming. The numbers of personnel in the Military Assistance Advisory Groups—MAAG's—have been reduced 13 percent, and a training program for such personnel has been developed. The military pipeline, which stood at \$8.5 billion in 1953 will be down to \$3.4 billion this June.

In economic assistance, State and ICA teams have studied field operations, as have the Comptroller General—who made 12 reports this past year in military and economic programs—and the Government Operations Committee. In fact, the past 2 years have seen the most intense period of scrutiny in our brief foreign aid experience. Decentralized accounting, a centralized contracts office, a centralized Engineering Division for project planning, procurement improvements—such as an increasing use of United States surplus—a reduction from 2,800 administrative ICA personnel in 1953 to 2,100 in 1957, rotation, new rank, assignment, promotion, training and orientation systems, resulting in better personnel and reduced turnover, are some of the achievements.

The pending mutual security bill is the most constructive effort yet made by Congress to promote efficiency in foreign aid. There are five major contributions to better functioning:

First. The structure of the development loan fund has been more clearly defined, with its conversion into a Government corporation, its powers and restrictions itemized in a more detailed manner.

Second. The process of obligating funds for projects has been made a more serious step. This amendment sponsored by my good friend, Congressman HAYS of Ohio, has been termed the most constructive proposal to come out of our committee. Obligation of funds is to be made only when preliminary studies as to feasibility have been completed and only when the preliminaries required of a recipient country are within sight of completion. Finally, funds obligated for a project, but not spent, are to revert to the Treasury. This amendment, while undoubtedly complicating the tasks of the administrators, should do much to help avert such errors in judgment as have accounted for much of the adverse publicity of the past 2 years.

Under prevailing ICA practice, requests for appropriations are based on what are called "illustrative programs." These programs indicate the sort of thing that the ICA anticipates could and should be done in each country but do not include specific projects which have been worked out in detail with the recipient government.

Under normal United States Government procedures, appropriated funds which have not been obligated lapse and are returned to the Treasury at the end of the fiscal year. Obligated funds may be carried forward. Obligations normally involve contracts with outside firms for goods to be delivered, real property to be purchased or leased, or work or services to be performed, and so forth.

The ICA is permitted to obligate funds and thus to carry them forward into succeeding fiscal years on the basis of an agreement with a foreign country, that is, the ICA and the foreign country can agree that a power dam shall be constructed and the funds for this purpose are considered as obligated.

The result of these procedures is that there are outstanding at any given time a considerable number of projects for which funds have been appropriated and obligated, but for which contracts have not been awarded and for which plans are not complete and enabling legislation has not been undertaken by the foreign government involved.

The committee has had occasion to examine a project for constructing a sawmill on the island of Taiwan; \$150,000 of fiscal year 1956 funds have been and remain obligated for this sawmill, together with \$400,000 of 1957 funds, making a total of \$550,000 for this purpose. In addition, a total of \$325,000 of fiscal year 1957 and fiscal year 1958 funds are also obligated for contract services in connection with getting this sawmill into operation. Nevertheless, contracts for the building of the sawmill have not yet been awarded and one of the justifications for the contract services referred to is to determine just what sort of a sawmill should be built.

The International Operations Subcommittee of the Committee on Government Operations in its report on United States aid operations in Iran, January 1957, made this recommendation:

That the Department of State and the International Cooperation Administration obligate aid funds to specific programs only

when definite provision has been made for the timely availability in the field of sufficient competent personnel, both technical and administrative, to assure proper and efficient conduct of these programs.

The General Accounting Office, in a comprehensive report in 1955, cited in detail the nature and shortcomings of the procedure being followed by the ICA in its obligation of funds. These were the cases it cited of premature obligation:

1. Cooperative program agreements with Egypt for community development dated March 19, 1953, which called for FOA contributions totaling \$10,000,000. Only \$3,000,000 had been earmarked for specific projects at June 30, 1954.

2. The Jordan-United States Economic Assistance Agreement dated June 17, 1954, providing for an FOA contribution of \$8,000,000 to finance a cooperative special economic assistance program. Specific project agreements had been executed at June 30, 1954, only to the extent of approximately \$4 million.

3. Operational agreement No. 4 with Pakistan, dated May 17, 1952, in which the United States committed \$700,000 for training activities in fields related to economic development. Training authorizations for selected trainees had been issued at June 30, 1954, only to the extent of about \$600,000.

The summary of outstanding projects recently submitted by the ICA cited a variety of cases where projects are being delayed for such reasons as securing the services of a satisfactory United States engineering firm—rehabilitation of thermal power plants in Korea; difficulties in obtaining the right of way for construction of a highway—Vietnam; unanticipated difficulties encountered in construction—port highway in Cambodia.

It is not argued that the ICA is in any way at fault because it encounters unanticipated difficulties and delays. It does appear to be questionable, however, that the United States should have to vote money for projects before plans have been developed in detail, reasonably firm cost estimates completed, and the recipient governments are aware of the problems which they will have to solve and have indicated their readiness to go through with the necessary enabling action.

It is too late in the current session to have the ICA revise its request for authorization of funds by including only projects which have been planned in detail and as to which the recipient government has worked out in detail the course of action which it is prepared to take. On the other hand, it is possible to bring about a significant revision in ICA procedures, including a tightening up of its obligation of funds which would serve as the basis in future years for authorization requests based on projects in respect to which both the ICA and the recipient countries would have made up their minds rather definitely as to just what they wanted to do.

The proposed amendment applies only to those types of nonmilitary aid which require substantive technical or financial planning, or legislative action within the recipient country. The amendment provides that funds cannot be obligated for aid of this character unless engineering, financial, and other necessary plans

have been completed—which activities are specifically permitted by the amendment—a reasonably firm estimate of the cost to the United States has been prepared, and unless it may reasonably be anticipated that necessary legislative action within the recipient country will be completed within the period of a year.

These provisions are recognized as being indicative of congressional intent rather than capable of precise application and rigid enforcement.

In addition, the amendment provides that funds obligated for the type of assistance referred to in this section shall be used only for the specific purposes of each obligation and if not so used, shall revert to the Treasury of the United States. This provision should have the effect of preventing the overestimation of costs of a project, and it also should prevent the obligation of funds by the ICA until the ICA was pretty sure that the project was worked out in detail and could be expected to be carried forward until completed.

This, in my opinion, is an excellent example of the responsiveness of the Committee on Foreign Affairs to legitimate criticisms of the mutual security program.

Third. Under an amendment which I offered and which was accepted in committee, the loan fund management, before making a loan, must take into account any adverse effect which the project might ultimately have on the United States. If, for example, there are 2 projects desired by a country, 1 of which will later compete with a hard-pressed United States industry, and 1 of which will not, the new standard would result in the approval of the latter request and the denial of the former.

Fourth. Under my second amendment a study of the effect of the economic assistance operations of the program will be required at the end of each year, to see what adverse impact has occurred on areas of labor surplus. The purpose of this is to spotlight just where we are adding to our own domestic problems, so that corrective action can be taken.

Fifth. The bill takes the unusual step of adding funds beyond those requested to the technical cooperation program. The purpose of the addition is to stimulate increased emphasis on recruitment and training programs for technical assistance personnel.

In addition to the improvements contained in the bill, the executive branch is already in the process of carrying out a general comprehensive audit, improving the training of MAAG officers, surveying the system of overseas transportation, analyzing the extent, amounts, and types of local currencies accumulated since World War II, and exploring the practicability of setting up regional spare parts control centers.

As to the future, our committee in its report recommends that our technical cooperation effort be upgraded and that one responsible official be put in charge; that there be regional technical cooperation officials overseas to use existing personnel most efficiently; that foreign military personnel receive technical training for use in their civilian careers;

that tax incentives for overseas private enterprise be explored; and that contributions to nations for atomic reactors not be made where there is local capability to finance them. In addition, the committee through its acting chairman has stated its intention of setting up a closer watch on program administration.

Enough has been said, even though only the highlights have been given, to indicate that this nation has in its overseas assistance operations demonstrated a capability to develop and grow, to adjust to the needs of the times, to lift its standards in terms of personnel, techniques, concepts, and administration. We cannot truthfully say that we have done badly. At a time when even the Comptroller General states that more serious attention to efficiency is being given than ever before, it would be both irresponsible and immature to form a judgment on the arguments of those who look only at our problems and our failures and totally ignore a remarkable record of achievement. We should approach the power struggle of the next decade with the confidence that we have served a longer and more demanding apprenticeship than has the Soviet Union.

The CHAIRMAN. The time of the gentleman from Maine has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1958."

Mr. COLMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 1, strike out all after the enacting clause and insert in lieu thereof the following: "That this act may be cited as the 'Mutual Security Amendments of 1958.'"

"CHAPTER I—MILITARY ASSISTANCE"

"Sec. 101. Title I of the Mutual Security Act of 1954, as amended, which relates to mutual defense assistance, is amended as follows:

"(1) Section 103 (a) is amended by striking out '1958' and '\$1,600,000,000' and inserting in lieu thereof '1959' and '\$1,640,000,000', respectively.

"(2) Section 105 (b) (1) is amended by inserting immediately before the period at the end thereof the following: 'including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.'

"(3) Section 131 (a) is amended by inserting immediately after the first sentence the following: 'No assistance shall be furnished under this chapter unless such assistance relates directly to the maintenance or equipment of armed forces.'

"(4) Section 131 (b) is amended by striking out '1958' and '\$750,000,000' and inserting in lieu thereof '1959' and '\$387,500,000', respectively.

"CHAPTER II—TERMINATION OF ECONOMIC ASSISTANCE"

"Development Loan Fund"

"Sec. 201. Title II of the Mutual Security Act of 1954, as amended, is amended as follows:

"(1) The first sentence of section 202 (b) is repealed, except with respect to commit-

ments entered into before the date of enactment of this act.

"(2) Section 203 is repealed.

"(3) Section 204 is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) All receipts from activities or transactions under this title shall be deposited in the Treasury of the United States, to the credit of miscellaneous receipts.

"(b) No new obligations against the fund may be incurred after the date of enactment of the Mutual Security Amendments of 1958."

"Technical Cooperation"

Sec. 202. Title III of the Mutual Security Act of 1954, as amended, is amended as follows:

"(1) Section 304 is repealed.

"(2) Section 306 is amended by striking out 'fiscal year 1958' each place it occurs and inserting in lieu thereof 'fiscal year 1959.'

"Other Programs"

Sec. 203. Title IV of the Mutual Security Act of 1954, as amended, is amended as follows:

"(1) Section 400 (b) is repealed.

"(2) Sections 405 (a) and 407 are repealed.

"(3) Section 410 is amended by striking out '1958' and inserting in lieu thereof '1959.'

"(4) Section 411 (b) is amended by striking out '1958' and '\$32,750,000' and inserting in lieu thereof '1959' and '\$16,500,000', respectively.

"(5) Section 411 (c) is amended by striking out '\$7,000,000' and inserting in lieu thereof '\$3,500,000.'

"(6) Section 413 (b) (4) is amended by striking out '1967' and inserting in lieu thereof '1958.'

"(7) Section 414 (b) is amended by adding at the end thereof the following: 'Such regulations shall prohibit the importation or reimportation into the United States (other than for the Armed Forces of the United States) of arms or ammunition originally manufactured for military purposes, or parts thereof, except those which are curios or antiques and are not in condition to be used as firearms.'

"General Provisions"

"Sec. 204. Title V of the Mutual Security Act of 1954, as amended, is amended as follows:

"(1) Section 502 (a) is amended by striking out all that follows 'particular regard to' and inserting in lieu thereof the following: 'providing military assistance to nations or mutual defense organizations eligible to receive assistance under this act.'

"(2) Chapter 1 is amended by adding the following new sections at the end thereof:

"Sec. 516. Prohibition against debt retirement: None of the funds made available under this act nor any of the counterpart funds generated as a result of assistance under this act or any other act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this act.

"Sec. 517. Completion of plans and cost estimates: After June 30, 1958, no agreement or grant which constitutes an obliga-

tion of the United States under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under chapter 3 of title I—

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

"(2) if such agreement requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within 1 year from the date the agreement or grant is made.

All funds obligated for assistance pursuant to each agreement or grant described in subparagraph (1) or (2) of this section shall be used only to liquidate the obligations pursuant to such agreement or grant, and any funds not so used shall revert to the Treasury of the United States. This section shall not apply to assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

"Sec. 518. Protection of United States economy: Operations under chapter 3 of title I shall be reviewed at least once a year by a committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, and the Secretary of Agriculture for the purpose of determining whether such operations have adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. If the committee finds that the economy of the United States in general or any area of substantial labor surplus in particular has suffered undue adverse effects as a result of such operations, the committee shall make appropriate recommendations to the President and the Congress."

"(3) Such title V is amended by adding at the end thereof the following:

"Sec. 550. Termination of economic aid: Funds heretofore appropriated, and amounts otherwise made available, to carry out any provision of this act (other than title I and sections 306, 408, and 410) which are available for expenditure or obligation under this act, shall hereafter be available only for the necessary expenses of liquidating assistance programs (other than under title I and sections 306, 408, and 410), for satisfying obligations of the United States heretofore incurred, and for terminating the program of assistance under this act (except under title I and sections 306, 408, and 410) in an orderly manner."

Mr. COLMER (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. MASON. Mr. Chairman, I shall object and I do object to any extensions of time.

Mr. COLMER. Mr. Chairman, this bill, H. R. 12387, is in the nature of substitute for the bill, H. R. 12181, submitted to the House by the Foreign Affairs Committee. I have been working on this proposal for several months, but I was

unable to develop the bill, have it drafted and introduced until after the committee had reported its bill, as will become obvious as I go along.

That it was advisable, if not necessary to assist our stricken allies at the conclusion of World War II to rehabilitate themselves is in my judgment beyond question. As a matter of fact as chairman of the Postwar Economic Policy Committee which made a study of both the political and economic situation in Europe in 1945 immediately after the cessation of hostilities, I joined with the members of my 17-member committee in recommending that reasonable and limited assistance be granted our less fortunate allies such as Great Britain, France, as well as Germany, which we then discovered would prove a valuable ally against Russia. In this connection, we were told by none less than Stalin himself that he wanted to borrow \$6 billion from us. However, we recommended that no aid be granted Russia because it was even then apparent that Stalin had set out to sabotage the peace which we had expended so much blood and money to win.

Therefore, Mr. Chairman, I supported the original Marshall plan. But it became gradually apparent that the program was being extended rather than curtailed even though the job had been largely completed and having failed on repeated occasions by appropriate amendments to cut the program materially, I started my efforts to stop the program entirely. And frankness compels me to say to you today that I have not voted either for the authorizations or the appropriations in the past 9 years.

Mr. Chairman, this program has become, in my judgment, like unto a malignancy. It has grown and spread year after year, in spite of the fact that we were told that each year would be the last, until today it threatens to destroy the economy of this country.

It is argued that since this is a rich country and since we were not subjected to having the war fought on our own soil that we owe these other countries a great deal. With that I agree to a limited extent. But is it necessary to remind the membership of the House that beginning with lend lease and not including this bill, we have expended for foreign aid a total of \$101 billion? Yes, since the cessation of hostilities in 1945, in an effort to help the peoples of other lands the taxpayers of this country have been taxed and we have sent overseas aid to the tune of \$60 billion. I wonder how many of the Members of this House are aware of the fact that if this bill passes that it will cost the American taxpayers more than \$100 billion every year from now on just to pay the interest on this year's bill. We are presently being taxed nearly \$2 billion every year just to pay the interest on the monies which we have already given to foreign governments since the end of World War II. For it must be borne in mind that with an unbalanced budget that this additional money which we now propose to giveaway in this bill of nearly \$4 billion will be added to the national debt and the interest thereon

will have to be paid, thus compounding the evil.

MY SUBSTITUTE BILL

Now my bill, H. R. 12387, would in the main simply do one thing. It would cut out the foreign economic aid provided in this bill and save out of this authorization the total sum of \$1,750,400,000—roughly one-half of the \$3,815,900,000 authorized in the committee bill.

In other words, if my bill were adopted as a substitute instead of authorizing \$3,815,900,000, we would authorize the appropriation of \$2,065,500,000.

Mr. Chairman, I should like, to be perfectly frank with you, to have cut it even deeper. But I recognize the facts of life. I realize that political parties, the present occupant of the White House and the previous occupant of the White House, as well as the leadership on both sides is for the committee bill. I recognize the appeal of the argument for national defense and I am not myself prepared to say that money wisely expended in foreign military aid is not advisable under the circumstances. Therefore, while there is a question of whether the item of \$775 million in the bill under the head of defense support is in reality an economic aid, I have provided in my bill for half of that amount—\$387,500,000.

Then again, the item of \$20 million in the committee bill for United Nations contributions being a fixed and obligated liability, I have cut by \$4,500,000. Again my bill would allow \$20 million for the item of \$40 million included in the committee bill for the provisions of the Battle Act.

With these exceptions if my bill is adopted, we would have only a straight-out military assistance bill; which would aggregate approximately \$2 billion in savings to the taxpayers of this country.

TERMINATION OF ECONOMIC AID

Mr. Chairman, I repeat when this program was originally offered more than 10 years ago, we were told that it was a temporary act. That was the Marshall plan. But from year to year the program has been continued not in reduced amounts, but on the contrary the tendency has been to expand it. In fact, its proponents now no longer talk in terms of termination of the program, but proceed upon the theory that it is the duty of this country to perpetually support the rest of the world. We started out under the Marshall plan of aiding and assisting the economy of a half dozen countries. Today the program has spread out over the entire globe. Yes, we are now engaged in the program of trying to buy friendship with American taxpayers' dollars throughout the world. No country is too large or too small—too poor or too prosperous—to ask and receive funds from Uncle Sam. American emissaries under our State and Defense Departments are traversing the world from Asia to Europe to Africa in an attempt to buy American friendship.

WHAT HAS IT GAINED US?

And what, Mr. Chairman, I ask you in all fairness has this unbridled spending of the wealth of America's resources

brought us? Today American prestige, after expenditure of over \$100 billion in trying to buy friendship abroad, is possibly at its lowest ebb since the Spanish-American War. These funds so lavishly extended most often are not appreciated. In fact, the people of the beneficiary country rarely know of the source of the money. The aid extended usually goes through the hands of the heads of the respective governments, who do not even bother about advising their subjects, the rank and file of the people, about the United States generosity. We have seen only in the last few days instances of the fact that this aid is not only not appreciated, but in many instances is not welcome. Our embassies and other American buildings are being sacked and burned while the Vice President of the United States was just a few days ago stoned and spat upon. I ask you, is this loss of prestige abroad due to the fact that America gives so generously of its wealth and resources while the masters of the Kremlin outmaneuver us with their strategy and promises?

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. COLMER] has expired.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

Mr. COLMER. Mr. Chairman, will the gentleman yield to me?

Mr. HOFFMAN. I yield to the gentleman from Mississippi.

Mr. COLMER. Again, Mr. Chairman, is it because people abroad are like people at home? They don't like charity. I recall in this connection that in 1945, in discussing this matter of foreign aid with that great Britisher, Winston Churchill, he said to me, "My people are a proud people. They like your military assistance, but they do not want to be like mendicants asking alms."

ADVERSE EFFECT ON OUR CREDIT AND ECONOMY

Another phase of this matter I would like to discuss briefly is the effect of a continuation of this program upon our own domestic economy and the soundness of our dollar. It is most difficult for me as one of average intelligence to understand how we can continue to build up the economy of other countries without destroying our own. We already see instances of our textile, hardboard, glass and pottery—not to mention our oil and even my own tung oil—suffering from foreign competition. And yet we are told that in the interest of keeping the rest of the world happy we must sacrifice our own economy.

And what, I ask you, is happening to our financial structure? We are all aware of the fact, I am sure, that our national debt has become a colossal burden. The dread ghost of runaway inflation threatens our entire economy. The purchasing power of the American dollar has shrunk over 50 percent in the last 20 years and the end is not yet in sight.

Mr. Chairman, in spite of this gargantuan debt, in spite of the highest peacetime taxes being exacted from our people in the history of our country, our foreign aid has been and is no doubt being used to subsidize tax cuts in foreign countries. Yes, while our own na-

tional debt has been continuing to mount higher and higher, our funds have been used in some of these foreign countries to pay off their own national debts.

Some of these funds have been used for purposes which seem to be too ridiculous to repeat. We have sent money to assist a religious sect in Paraguay. We send hot-lipped jazz musicians abroad to entertain foreign peoples. We have sent dress suits to Grecian undertakers and iceboxes to Eskimos, and we are told that we have even provided bathing facilities for Egyptian camel drivers.

Mr. Chairman, if my bill is adopted all of this boondoggling will cease.

SUFFICIENT FUNDS AVAILABLE TO CONTINUE
PROGRAM 2 YEARS

Mr. Chairman, we will be told as soon as I take my seat by the proponents of this legislation that the adoption of my bill would play havoc with our national defense and our foreign policy. We have been hearing this argument now for 10 years. In fact as far back as 1949 when we were trying to amend a similar bill then under consideration, we were told the same thing. At that time, Mr. Chairman, I addressed the House at some length in behalf of applying the brakes and terminating the bill at the end of that fiscal year. Among other things at that time I said:

So my purpose in rising here this morning is to raise the storm signal, to call the attention of the membership of this body again to the dangers ahead if we keep embarking upon these undertakings * * * The endanger the solidity, the solvency and the future of this country * * * I do not think, Mr. Speaker, that we can go on indefinitely with this type of program * * * In my humble judgment, the time has come when we must stop, look and consider the future of this country as well as the future of the peoples of other countries * * * I still believe that the faith and credit of these United States can not be continuously extended without reaching the crashing point. We cannot go on like drunken sailors spending and spending without some day reaching the reckoning point. I am more concerned about the loss of this, the greatest Republic, from our own unsound financing, than I am about the foreign situation. I shall, therefore, vote against this bill (foreign aid).

Mr. Chairman, that was my statement and my position on this whole question of foreign aid 9 years ago. It is my position today.

I want to now emphasize again what I said earlier in my talk. While we are talking about authorizing nearly \$4 billion more here today, it must be ever borne in mind that there is really \$12 billion involved here. As the gentleman from Georgia [Mr. PILCHER] pointed out on yesterday you not only have \$12,-100,000,000 involved here in both unexpended balances and in the pipeline, but you have \$7 billion additional in loan authorization for the Export-Import Bank. Moreover, we contributed about \$600 million for the International Bank for Reconstruction Development; \$35 million for the International Finance Corporation. In addition to that there are the enormous funds which we give to the United Nations.

Quoting Mr. PILCHER, a valuable and distinguished Member of the Foreign Affairs Committee, "If we did not vote

them 1 dime for the next 2 years, this program would go on on the same basis as it has the last 4 or 5 years."

So there you have it, Mr. Chairman. If my bill is adopted the administration will have in excess of \$10 billion with which it can orderly wind up this program. Commonsense and prudence suggest that this should be done.

Finally, Mr. Chairman, permit me to say to you with all the emphasis I can summon that there is a limit beyond which we cannot go without destroying this last haven of refuge—America—of freemen in this world. I want to repeat what I have said to you on the floor of this House 50 times or more in the past 11 years. "The Kremlin masters have set out, following the mandate of their idol, Lenin himself, to destroy America requiring it to spend itself into bankruptcy; and then to take over in the ensuing confusion and chaos that results." Should that unfortunate day come, which of these beneficiaries of American aid is coming to our assistance? Who is going to play Santa Claus to the United States?

Mr. Chairman, Members of the House, I beseech you to take heed before it is too late.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I rise with the greatest reluctance to oppose an amendment offered by my good friend the gentleman from Mississippi. He and I served on the distinguished Committee on Foreign Affairs during the 80th Congress. We were both way down at the lower end of the committee. We both supported the Marshall plan in 1948 which came out of that committee, and which plan started Europe back on the road to economic recovery. The amendment he has offered today is a very well drafted amendment. It is a complete bill. I want to tell the committee it raises some very, very fundamental issues. If it prevails, there will have to be a basic revision of our entire foreign policy. This amendment, of course, leaves in the military aid, the \$1,640,000,000. It cuts out practically all other economic and technical assistance and reduces our defense support funds to \$387,500,000. Instead of making them defense-support funds, he would cut them and utilize them solely as direct-forces funds. That means he ties them directly into the military funds. The major portions of the bill are scuttled. We now have plans to give aid to 63 countries. If the Colmer bill prevails, it will only leave us with about 11 countries that now receive military aid. He uses the words "unless such assistance relates directly to the maintenance of equipment of the armed forces" and by that he means that if we give any wheat to any of these countries under this bill that wheat must go into bread for their armies. If we give any textiles, it must go into uniforms for their armed forces. If we give any gasoline, it must be gaso-

line for military automobiles or a military tank or a military jeep, and so forth. It is the old concept of direct forces aid. It cuts out completely the technical assistance program which is one of the most popular and effective parts of this program.

In the bill as reported from the committee, we have \$142 million for technical assistance. This program has been in operation since 1949. It is a program where we supply technical skills and not materiel. Out of the \$142 million, only \$8 million is for materiel. The rest is in technical skills going into these undeveloped countries all over the world. It strikes out the special assistance and also the contingency fund. I want to tell the Members of the House that if the Colmer bill is adopted, we might just as well not give any military aid to any country. Would we want to put \$1,640,000,000 worth of military aid into these countries and then let them collapse without any economic aid? We would just be giving way to the Reds or the Communists, the entire \$1,640,000,000 worth of military aid. So, if you are going to adopt the Colmer bill, you might as well add an additional amendment and strike out the military part because it will be a waste of money and military materiel to provide the \$1,640,000,000 alone. If we adopt the Colmer amendment, we might as well write off completely Asia and Africa. We might as well wipe out most of our bases in Libya and other parts of the world. We might just as well eliminate our bases in Spain and in Turkey and pull back into a real fortress America.

Mr. Chairman, I ask the Committee to vote down the Colmer amendment and not to spend too much time on it. Let us vote now. The issue is clear.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the amendment before the Committee now is the one that is going to separate the men from the boys. I have heard many Members say they favor continued military aid, but oppose continued economic aid. This will give them an opportunity to make their position clear to the American people.

If I understand the purpose of this amendment—and I think I do, because my colleague, the gentleman from Mississippi [Mr. COLMER] conferred with me on several occasions prior to offering this amendment—it will simply cut out foreign aid handouts, and leave in the program the little bit of money that is doing us any good at all; or perhaps I should say, a great amount of money that is doing us a little bit of good.

His amendment does not cut off abruptly, economic aid, because in the amendment is language which provides that the unexpended and unobligated funds presently in the foreign aid till will be used to provide for an orderly ending of the program.

Let us see what that means. According to the minority report of the committee:

It is estimated that as of June 30, 1953, there will be a total unexpended balance of \$5,194,922,000. To this the bill under consideration adds a new authorization of \$2,-

958,900,000. In addition, the appropriation request includes \$644,192,500 which was authorized last year. This will make a total dollar pipeline of \$8,798,014,500. There must also be added, however, a total of \$1,861,887,000 in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies.

And so on. Those sums, when added together, mean \$12,129,307,500 presently available for foreign aid, unexpended and unobligated; consisting of \$8,798,000,000 in dollars and \$3,331,293,000 in local currency. It would appear to me that without any new appropriations, we could adopt the amendment offered by the gentleman from Mississippi [Mr. COLMER] and still permit this program to continue for quite a number of years on the momentum of previous appropriations. All Mr. COLMER and those who support his position are asking of you is to take the foot off the gas and let the car coast into an orderly and safe stop.

I am informed by the Library of Congress that there are 82 nations on this earth—recognized as nations. The distinguished chairman of the committee a moment ago stated that we are providing aid for 63 countries in this bill. That means that one nation of 170 million people, with a national debt more than the combined national debts of every country on the face of the earth is supporting 63 of the 82 nations. Down where I come from that just does not make sense. We think it is a wholly unreasonable burden to saddle upon our people.

Furthermore, I have never believed, I do not believe now, and I do not believe I ever will believe that it is right or in accordance with the Constitution of the United States, which limits the powers of this Congress, for Congress to tax the American people for the benefit of the general public welfare of every other country in this world. It is my belief that we are here to represent the people of the United States and that is our sole responsibility under our oath to support and defend the Constitution of the United States, which was written for the people of the United States exclusively, and not for people of other nations.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WILLIAMS] has expired.

Mr. O'KONSKI. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. O'KONSKI. Mr. Chairman, this foreign-aid program reminds me of the horse Silky Sullivan. It is probably the most oversold horse in the history of congressional deliberation. This year is no exception.

I think that the advocates of this bill undid what little good this bill might have done by citing as their reason for the adoption of this bill that it would help us and enable us to lick the recession within the borders of the United States of America. That will be used by the Soviet Union in every country in the world as the chief reason why we are passing this bill. The advocates of this

gave the Soviets another chance to propagandize against us.

I think this bill would fare better and accomplish much more good throughout the world if every reference to linking this bill with our recession were stricken from the record. The argument is a hoax and harmful.

There is another reason why this reference to recession ought to be stricken from the record. That argument is not true. This bill has no connection whatsoever with the economic situation in the United States of America. Any argument to the contrary is misinforming the people of the country. I have no lesser authority for that statement than the head of the mutual security program himself. He was quoted here before. I want to read you a letter he wrote in February of this year, just a few weeks ago, in answer to some businessmen who wrote him a letter asking why they were not getting any business in the United States of America from the mutual security program. Here is the reply that Mr. Smith wrote a few weeks ago. He said:

A number of segments of United States industry have expressed the opinion that since the American taxpayers pay the bill, American industry should be given priority in procurement.

Now, listen to this. He said:

The Mutual Security Act was not intended as a support for American domestic industry. To make it such, even if only as a byproduct of our mutual security program, will not only make it more expensive for the American taxpayer, but in some measure defeat the purpose and objectives of much of the economic aid given in this program.

In other words, the head of this foreign-aid program says to label this bill as a help for our domestic economy would defeat the very purpose of the mutual security program. So we can see that the recession in the United States of America and this bill are absolutely nonrelated. All such references ought to be stricken from the RECORD, because it only makes good Soviet propaganda and such references are not true and mislead the Congress and the people of our Nation. This is too much to expect of the advocates of this giveaway—because with them anything goes as long as it serves the grand giveaway program.

Let us continue. There are other reasons why this program should be defeated. It is said that this bill amounts to a small amount of money. We had a chart here the other day which showed a big circle and a little dot, the little dot indicating the comparative size of the security program. Somebody said it amounted to but a half a cup of coffee a day, others said that it amounted to a postage stamp, some said an airmail stamp. But whatever it is, the fact of the matter remains that it amounts to \$20 per capita for all the people of this country. In my own district it amounts to \$6 million. That \$6 million in my district would build every schoolhouse, every library, every courthouse, and every city hall we need, and solve the entire unemployment problem. It would do

so in every one of your districts. The amount of money involved is not small. It is gigantic and unbelievable.

Let us go a little further. We have been asked to consider the amount other countries appropriate in the way of military support. The statement has been made that the combined contribution of the NATO countries, for instance, has been \$122 billion since the program started. That program is about as thin as the soup made from the shadow of a pigeon that has been starved to death.

What is this \$122 billion the so-called allies contributed? Take a look at it and you will find that approximately \$30 billion was money spent by the French in the Indochina war. Another \$20 billion was spent by the French in the campaigns in Algeria and Tunisia. Another billion dollars the British and French spent invading the Suez Canal. When you have exhausted the list you will find they have contributed nothing to mutual security. They just contributed their and our money to promote colonialism and turn the people of those countries against us.

If someone were to ask me to give a short and concise description of the foreign-aid program it would be this: It is a program where we corrupt the leaders of nations and turn the people of those nations against us. Peru, Lebanon, and Venezuela and their recent reception to our Vice President are classic examples of what this program does. Gentlemen, you can continue this program but not with my vote. And mark you another few years of this program and our Government officials will be stoned out of every country in the world.

Mr. VORYS. Mr. Chairman, I rise in opposition to the Colmer substitute.

Mr. Chairman, as has been well said, here is where we separate the men from the boys. If you pass this amendment, goodbye Korea, goodbye Formosa, goodbye Vietnam, goodbye Turkey, because those four resolute nations, poor in substance but proud in spirit, every one of them, bordering the Reds, will go down the drain if you adopt this substitute. As has been well said, if you adopt this you might as well throw in the military aid after it, because the ball game is over.

Now, here is what this does. It provides only direct forces support. Our chairman has read the words from the Colmer amendment. Out of the \$835 million proposed for defense support this year, which is going to be cut in two by this amendment, \$231 million is proposed as direct support for 16 countries. Look on page 366 of the hearings. Defense support is \$135 million for projects and \$698,600,000 for commodities, agricultural and economic. Seventy percent of the defense support goes to the four countries I have named. If you cut that in two, there will not be enough left for them to keep going.

Now, remember what defense support is. It is support for the economies of countries that are willing to raise the forces that our military people feel are necessary in our joint defense, in our mutual security, but who simply do not

have the economic availability to bear the support of those forces. That is what it is about. We have to help out the economies of these countries.

Now, as the gentleman from Virginia [Mr. HARDY] said a little bit ago, only a small portion of defense support goes into direct forces support, as I pointed out, \$231 million. That is all that would be left under this amendment. What would happen to the rest of the people in these countries? Why, they would starve; they would go down the drain, because there would be nobody eating there but soldiers.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to commend the gentleman for his statement. As far as I can see, there are some people here who are not for this program. They will get a chance to vote against it on final passage, but to my mind to kill the program in this fashion, with this amendment, would be a very serious mistake.

Mr. VORYS. This is just about like striking out the enacting clause.

Now, as to what is defense support and what is economic and what is military, let us take a military road. There is one in Vietnam. That matter has been referred to. And, there have been a lot of mistakes made about building roads. But, here is a military road, a strategic road, leading from the port back into the hinterland, where they meet the Viet-Minh. First, it furnishes employment. That is economic aid. That is defense support right there. Building the road furnishes employment. Secondly, it is vitally important strategically, so it has tremendous military value. Third, since the road is there, it has a long-range peacetime value and helps the development of the country. Now, are you going to try to divide that road into strips, or maybe put up one-third of the road so that it will not reach where you want it to go, or are you going to say we are going to pitch in and build the road, and help support that fighting country holding its head up against great odds? Our Vice President is being attacked, our libraries are being attacked by Communist-inspired mobs in various places over the world. But none of those attacks would damage our security as this proposal would, on which the Members will vote in a few minutes. When it comes to talk about a recession, we are told not to talk about the incidental economic benefits to our country from all this, but it is all right to say that because of the recession we should not pass any of this. Let me point out that if we approve this substitute we will have a military recession and a moral recession that we simply cannot afford.

Mr. Chairman, I hope this amendment is defeated and I ask for a vote.

Mr. MORANO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MORANO. If the amendment offered by the distinguished gentleman from Mississippi [Mr. COLMER] carries—

and, of course, I hope it will not—will we then go back into the House without the possibility of further amendments being offered; and will we then be able to demand the yeas and nays on the amendment?

The CHAIRMAN. If the amendment is approved, as I understand it, we would then under the rule go back into the House and at that time the gentleman could demand the yeas and nays.

Mr. MORANO. It would, of course, preclude the offering of any further amendments?

The CHAIRMAN. The gentleman is correct.

Mr. MORANO. And we could then demand the yeas and nays on the amendment.

The CHAIRMAN. The gentleman is again correct.

Mr. MORANO. I thank the Chairman.

Mr. SMITH of Virginia. Mr. Chairman, I move to strike out the last word.

(Mr. SMITH of Virginia asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Chairman, I am one of those who supported the original Marshall Plan, which was to have been a temporary measure to help lift these devastated nations back on their feet. Year after year this thing has gone on and on and it has leached the taxpayers of this country to the point where now it has become a permanent fixture upon the economic health of the taxpayers. Every year I hear the same old cry. When anyone wants to touch this program I hear the same old cry, that, do this and the world has gone to the eternal bow-wows and you will lose everything and you might as well go jump in the river. I have heard that song so often from my good friend from Ohio [Mr. VORYS] over the years—and he is a wonderful advocate; he is so sincere and believes in what he is talking about. And yet we get the same old song from him every year.

Last year we cut \$1 billion from this program, and we were told that we were going to the eternal bow-wows. Yet we are still here.

Of course, when we send our emissaries abroad and they get rocks thrown at them by our friends whom we have purchased with all this money; when we send our books down there to help to educate them and bring them up in the world, and they burn down the libraries, what can we say? Those are the friends that we seem to have made with this economic aid.

Mr. Chairman, let us be sensible about this. The fact is, and nobody denies it, that there is more money in the pipeline for economic aid than could be used in the next 12 months. We will have another bill up here. Why do we not just try to do a little something for our own people and relieve their burden for a little while—just for 1 year? You might call it an experiment. Let us see if everything is going to the bow-wows. They still have enough in the pipeline to run them for several more years.

Mr. Chairman, I favor the amendment. I never thought much of this idea of economic aid and of sending our emis-

saries and all their help, their clerks and bureaucrats, all over the world. I suppose there is not a country in the world outside of the Iron Curtain into which we have not sent our emissaries and to which we are not giving economic aid. And yet we are having incidents now with those people we have been supporting for years, of our emissaries being insulted and of our people having dire threats made against them. Let us try a little experiment and see. How about having a little courage? Are we continually going to be on the run? Are we continually going to have to bribe the whole world to avoid communism? A little courage, a little show of courage, and we are going to stand up and we are not going to bribe everybody in the world every year as a permanent proposition. It might do a little good in this situation.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if the gentleman from Mississippi had offered an amendment to strike out all of the military aid, I would have found it much more difficult to oppose than I do the amendment to strike out all of the economic assistance. I say that because giving military aid to these countries who do not have anyone in them who has a full stomach is like trying to build a house on quicksand without any foundation. I submit to you that the Russians have found this out the hard way, because they gave an inordinate amount of military equipment to the Egyptians, the majority of whom have never had a square meal in their lives. When the Israelis attacked Egypt, the Egyptians threw down their arms in the Sinai Desert and left us fast as they could go because they did not have anything to fight for.

I supported the cut of a billion dollars last year. I supported every cut that was made in the bill this year with one small \$8 million exception. But I do believe that, if we try to give military equipment to these people who do not have the economic structure to sustain an army to use the equipment, we are being more than penny wise and pound foolish, and I speak from some little experience and firsthand observation.

I say to you that the economic part of this program is by far the most important. I am talking now as a strict materialist. I am talking now as one who is interested first in the defenses of the United States of America. But we have a habit of holding ourselves up to other nations of the world in some sense as being morally superior. I wonder when we do that if we ever stop to think that on this floor you can pass a bill for \$40 billion to build weapons to destroy humanity and you hardly get an afternoon of debate, yet we come in here with a measly \$150 million—and it is measly in comparison with \$40 billion—to try to give the technical know-how to these leaders to help get their citizens into the 20th century, and you hear remarks that would make you think that the whole future of the United States depended upon this \$150 million. Well, maybe it does. It could be that it does. But, if it depends on it, it depends on its staying

in the bill and not being knocked out of the bill.

At the risk of being repetitious, I again say to you that if you have to choose between economic assistance and putting arms into these underdeveloped countries of the world where they have no use for them and cannot use them, and where if a showdown comes they will probably be captured by our enemies, then you had better choose the economic assistance and forget about the armies.

Mr. BENTLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the committee should be cognizant of the parliamentary situation in which we find ourselves. I would make this a parliamentary request for a ruling from the Chair but I understand the Chair is not able to rule as to what may happen when we go back into the House.

I am certainly very sympathetic with the purposes behind the amendment offered by the gentleman from Mississippi, but I think the committee should realize this: If this amendment prevails in the Committee of the Whole we then go back into the House. Presumably there will be a record vote on it. If it should then be defeated on a record vote, we would then in the House proceed with the engrossment and third reading of the bill, and there would be no other chance to vote on anything other than the bill as it originally came out of the committee. There would be no further chance to vote on any amendment to the bill at all.

I thought the Committee should have the benefit of that information.

Mr. MORGAN. Mr. Chairman, I rise for the purpose of finding out how many Members want to speak on this amendment.

Mr. WIGGLESWORTH. Mr. Chairman, I would like a couple of minutes.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on the Colmer amendment, and all amendments thereto, close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Does the gentleman from Pennsylvania desire time under the unanimous-consent agreement?

Mr. MORGAN. No, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. WIGGLESWORTH] for 5 minutes.

Mr. WIGGLESWORTH. Mr. Chairman, I hold in my hand a statement recently made by the Secretary of State. I want to read 2 paragraphs from that statement at this time. I quote:

The giveaway so often complained of would have occurred if we had not had this program or if we should slacken it now. Without a mutual security program we would indeed have given away half of Europe to chaos or communism. We would have given away Greece and Turkey and the eastern Mediterranean to Soviet control. We would have given away Iran, and Russian access to the Persian Gulf and the Indian Ocean—and the economic strength of Europe which depends heavily on Middle Eastern oil. We would have given away Korea, and the Republic of China and Vietnam—and in all likelihood the rest of southeast Asia. The giveaway

would reach or come dangerously close to Pakistan and India—the great Asian subcontinent with a fifth of the entire human race.

If we now weaken in our determination and slacken in our pace, we will indeed give away to communism in the next few years the control of a dozen or more nations with enough people and resources to change the balance of power irretrievably against us. We would indeed give away bases and allied forces essential to our own strategic defense system. We would indeed give away the access which we and other free nations have to resources essential to our own industry and to trade essential to our own welfare and prosperity.

Mr. Chairman, as far as I am concerned I agree with the position taken by the distinguished gentleman from Ohio [Mr. VOYTS].

I hope the substitute amendment will be voted down.

In my judgment, the adoption of this amendment would be equivalent to running up the white flag in the cold war in which we are now engaged for the preservation of America and the free world.

The CHAIRMAN. The time of the gentleman has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Mississippi [Mr. COLMER].

The question was taken; and on a division (demanded by Mr. FULTON), there were—ayes 59, noes 102.

So the amendment was rejected.

Mr. FRELINGHUYSEN. Mr. Chairman, the discussion earlier today with respect to the proposal of the gentleman from Mississippi [Mr. COLMER] and the overwhelming rejection of his suggestion, underscores several basic issues involved in the mutual security program. Just how important is economic aid in a sound program? Is it true, as has been charged, that a continuation of this program will bankrupt us, or adversely affect our own economy?

Perhaps we should not jump to hasty conclusions about such issues. Nonetheless it seems obvious that economic aid performs several invaluable functions. It is vital in supporting and buttressing the economies of certain countries which are receiving military aid. It helps to expand and strengthen so-called underdeveloped countries and thus strengthens their position in the family of nations. The defeat of Mr. COLMER's proposal, it seems to me, indicates a general realization that economic aid performs a real service—perhaps even more significant than straight military assistance.

In defense of his proposal, the gentleman from Mississippi [Mr. COLMER] asked how long this country could keep up a mutual security program without destroying our own economy. He suggested that continued aid might lead us to face bankruptcy ourselves.

The answer to this question is obvious. The United States, if need be, can support a mutual security program indefinitely with no undue danger to our own economy. It has been extended now for a decade because an undeniable need for such aid has continued. Unquestionably this country has the capacity to defend itself and its allies by

continuing to support a program of this scope.

In a contest such as that in which we are now engaged, our future strength may depend on the rejection of shortsighted appeals to "experiment" with drastic curtailment, or discontinuation of policies which have proven their merit. If there must some time be a day of reckoning, we must not weaken ourselves unnecessarily.

The mutual security program has won a well-deserved place in our arsenal. That it may seem a permanent fixture, as the gentleman from Virginia [Mr. SMITH] has pointed out, need not be reason for despair. Just as the airplane, for the moment at least, is a permanent fixture in our military defense, so too the mutual security program today is a keystone of our country's strength.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: "This act is divided into chapters and titles, according to the following table of contents:

"TABLE OF CONTENTS

"Chapter I—Military Assistance.

"Chapter II—Economic Assistance.

"Title I—Defense Support.

"Title II—Development Loan Fund.

"Title III—Technical Cooperation.

"Title IV—Other Programs.

"Chapter III—Special Assistance and Contingency Fund.

"Chapter IV—General and Administrative Provisions."

Mr. BOW. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Bow: On page 2, preceding line 1, insert the following:

"SEC. 3. The second section of the Mutual Security Act of 1954, as amended, which expresses a statement of policy, is amended by the addition of the following paragraph at the end of the statement:

"(d) It is the sense of the Congress that to achieve these aims the President should forthwith, as provided for by article XVII of the Status of Forces Agreement, signed at London, June 19, 1951, address to the North Atlantic Council a request for revision of article VII of such agreement for the purpose of eliminating or modifying article VII so that the United States may exercise exclusive criminal jurisdiction over American military personnel stationed within the boundaries of parties to the treaty; (2) that the President should take similar action with regard to all other treaties or international agreements to which the United States is a party and which give criminal jurisdiction over our Armed Forces to foreign governments which are parties thereto; (3) that failure of such negotiations to obtain exclusive jurisdiction for the United States should be grounds for the denunciation of or withdrawal from such treaties and international agreements as provided for by article XIX of the Status of Forces Agreement and similar provisions in other agreements."

The CHAIRMAN. The gentleman from Ohio [Mr. Bow] is recognized in support of his amendment.

Mr. BOW. Mr. Chairman, I know that to my colleagues it is not unusual to hear me again on the question of the status of our forces abroad. This question we have discussed many times. American troops sent abroad where our country

has given to a foreign nation the criminal jurisdiction over these men.

At the outset, let me say again I am not so much concerned about those who may be guilty as I am of those who may be innocent and then subjected to the laws of a foreign nation, which do not have the safeguards and provisions of the Constitution of the United States, to which I believe our armed forces are entitled.

This has gone on for some time. Last year on this same bill, on this same amendment, the amendment lost by a tie vote in the Committee. I submit it again, because on a tie vote I think we are entitled to determine whether or not in this last year conditions have changed so in the world and as far as the United States of America is concerned. That we should review it again, and determine that American troops are entitled to the constitutional protection which they should be given.

Mr. Chairman, what is the situation? In the last few days in Tripoli, through riots, the library of the USIA was burned. In Beirut a library has been burned. In Algeria, on the ticker today another library was burned.

I saw this on the ticker today, as far as Vice President Nixon is concerned:

Today's incident occurred just as the Nixon caravan of Cadillacs swept from the broad four-lane highway leading from the airport into the narrow streets of the city limits.

A mob of about 150 hoodlums closed in on the cars, shaking their fists and waving signs saying "go home, Yankee dog."

The mob spat upon the cars and ripped American flags from both the cars in which the Nixons were riding.

The Venezuelan flag also was torn from Nixon's car by the mob which was throwing eggs, tomatoes, and rocks.

Because of the incident, the official caravan proceeded directly to the United States Embassy residence, omitting a scheduled stop at the National Pantheon where Nixon had been scheduled to place a wreath on the tomb of South American Liberator Simon Bolivar.

Mr. Chairman, how long are we going to submit American troops abroad, GI's, men without the flag of the Vice President of the United States, to suffer such treatment?

What sort of treatment do you think our boys are going to receive? These boys are sent there against their will, drafted and sent where they must go or defy the orders of the United States. I say to you that we should give them all the protection possible, because we have seen throughout the world, situations growing constantly which will put these boys in jeopardy if they are to be tried where they do not have constitutional protection.

I suggest, Mr. Chairman, that we have in the past been retreating from Russia in our thinking. It seems to me it is about time we go forward under America, that we begin to be Americans and accept the principles upon which this great Nation was founded, cease going backward in defense. Let us go forward with the positive position that America is the greatest country in the world, that we will protect our own wherever they may be.

I hope this amendment will be adopted.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we had the Girard case with us last year. This whole matter went before the Supreme Court and was debated in Congress. I had hoped we had learned a lesson that we would not need to learn again.

We learned that an American soldier had no constitutional right to an American trial by jury. We learned that the status of forces agreements give an American soldier more rights abroad than he would have under international law.

The status of forces agreements, you will remember—although perhaps you may have forgotten it, because I think it has become a dead issue—the status of forces agreements provide that an American serviceman on duty abroad shall have a trial by American courts, and that an American soldier when he is on leave shall have a trial by American courts if an American is involved or American property is involved. They do provide that preferment shall be given to the local court for crimes committed by an American serviceman when on leave or off duty.

Where a serviceman is on leave, for instance from Germany and goes down to Italy and gets into a fight, the Italian courts, of course, want to try him. Remember what we went over so often last year, remember how it would be in your community if foreign soldiers—and there are thousands of them in this country for training—came into your community and stole an automobile or committed a crime; remember how you would feel if you were notified that this man was to go back overseas for trial. That is the situation we face all over the world. These other countries are just as proud as we are, not any prouder, about the rights of their citizens and the jurisdiction of their courts. Our Supreme Court has held that under international law a nation has the right to demand trial in its own courts of every offense within its borders. Therefore, when we make these status of forces arrangements, we secure more protection for our men than they would have under international law.

I hope we will vote down this amendment which has little place in this bill, and will proceed to perfect this bill and drive on to passage.

Mr. BRAY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. BRAY. Did I understand the gentleman to say that the Supreme Court held that Girard had no right to a jury trial? I think what the Supreme Court held was that the United States specifically waived the right of Girard to have a jury trial.

Mr. VORYS. Well, what the Court held was that he had no constitutional right to, I said jury trial, but meant he had no constitutional right to an American trial. If you have such a right under the American Constitution, then nobody else can waive it for you. I think that is what the Supreme Court held.

Mr. BRAY. Mr. Chairman, if the gentleman will yield further, the Supreme Court did not say that he was not on official duty for the United States Government. It said that our Government had, according to the Status of Forces Treaty, yielded away his rights.

Mr. VORYS. The question was whether he was acting in line of duty at the moment, and if Girard had a constitutional right to an American trial, nobody could have waived it for him. I think you all remember this case well enough to remember that we disposed of this constitutional question, and we found out that these treaties give our men additional rights.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, might I say that the Americans abroad, those in the Armed Forces, are to be complimented, because over two-thirds of the cases that come up are traffic cases, which leaves a small minority that are anything of even a slightly serious nature. For example, in the typical year 1956, 14,394 cases of United States servicemen abroad subject to foreign jurisdiction, only 4,437 cases were tried in foreign courts, and jail was imposed in only 108 cases. On an average, foreign countries have waived jurisdiction in 73 percent of all cases. In Japan, where the Girard case occurred, Japan has waived in 97 percent of the cases. Of 32,000 American military personnel charged with off-duty offenses in a 3-year period, only 305 were sent to jail, and only 12 were given terms over 5 years. We in Congress all want to give every possible protection to our United States servicemen abroad, and we on our committee watch closely to guard their interests. I have personally asked for and obtained a written report on the individual visits to each of our United States servicemen in foreign jails by United States Government officials, and have had it placed in our committee hearing records.

Might I ask the gentleman from Ohio [Mr. Bow] if he can cite to the House one instance where a United States serviceman abroad has received other than justice in the foreign courts in the trial of a case? If he has those instances, I would like to have those instances outlined to us.

Mr. BOW. I will be glad to answer if the gentleman will yield.

Mr. FULTON. I will be glad to yield.

Mr. BOW. There was the case of a soldier named Jordan who was tried in Great Britain and sentenced to be hung. After word came out that he was sentenced to be hung, a doctor, who had taken care of the deceased, came forward and brought out the fact that the man had died of pneumonia and had not been killed by Jordan. Jordan was later given a review, but everybody knew he was convicted and sentenced, and had it not been for the doctor, who had taken care of the deceased, coming to the front, the boy might have been hung.

Mr. FULTON. That was justice given to him by the British courts, and the action to reverse the verdict was one taken voluntarily by the Crown officer to protect the rights of the Ameri-

can soldier. So, the American soldier, where there was a trial miscarriage of justice, was promptly given full justice by the British courts. And, I would compliment the British, that case turned out beautifully.

Mr. BOW. It would not have turned out beautifully if the doctor, who took care of the deceased, had not come forward; and, if he had remained silent, the boy would have been executed.

Mr. FULTON. But that is no defect of the British law. It is the same danger that every United States citizen faces in any United States court proceeding where there is a witness who is not known or available at the time. But, under British court rules, when the British prosecuting officials found that there had been a material witness turned up, that there was contradictory testimony, their own Crown officer went into court on petition, and asked for a reversal of the verdict, and setting aside of the complete sentence, and it was promptly granted, and our United States soldier went free.

I remember another case. There was a young man in France given a traffic ticket for allegedly pushing a man off a bicycle, and fined \$36 on a hearsay statement, which is the only case Secretary of the Army Brucker even called to the attention of the committees of Congress where any of our United States Government officials felt there might have been a miscarriage of justice. There was a case involving \$36, and it was adjusted satisfactorily. And, I have looked these cases over, and I cannot find any miscarriage of justice, that our United States military services, or the Department of State, or the Department of Justice recognizes.

Mr. BOW. I am afraid the gentleman missed a good many of them. And, there is also this fact. There are a great many of these agreements that we do not know anything about. You may know, but other Americans cannot find out the countries that have these agreements and what is contained in the agreements.

Mr. FULTON. All of us on the Committee on Foreign Affairs—and some of us are servicemen—want to see that there is no person in our United States service on foreign soil who is not given adequate and every possible protection. As a matter of fact, it had been my request and that of others on our committee that the United States always have an officer present to advise the accused United States serviceman, an officer of legal background, who was familiar with the laws of the specific country. But it must be remembered this, that many of these agreements are secret, because they are tied to our United States Armed Forces base agreements in those particular countries. Do we want to have to pull our troops out of those countries and leave the security of this country open simply because a charge is made that there are some agreements not divulged under which local jurisdiction is acknowledged for off duty officers? And there has not been one substantiated case given to our House Foreign Affairs Committee yet,

where there has been an injustice visited upon a United States serviceman abroad. Give it to us, document it, and we will change it, but until you do, you should not give us these indefinite statements.

Mr. SCHERER. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman.

Mr. SCHERER. The gentleman from Pennsylvania [Mr. FULTON] asked for a single instance of an American who had been treated unjustly in a foreign country when he was on trial. That is not the issue that is involved. The issue is that the man is deprived of his constitutional rights to a trial, his rights guaranteed by the United States Government.

Mr. FULTON. Mr. Chairman, the United States serviceman is given protection for his rights under the best status of forces agreement terms that our United States officials can work out with each foreign country where our troops are stationed. No one disputes that. The gentleman must remember that the United States serviceman is a serviceman when he is on duty on the base to carry out those duties for which he was sent to that country, and he is adequately protected at that time, and is under United States military jurisdiction. When he is off duty, away from his place of duty, or when the very jurisdiction is in question, is when the question of local jurisdiction becomes paramount. Our problem is this. If there is any injustice visited upon a United States serviceman serving abroad, tell us about it and we will follow it through on the Committee on Foreign Affairs, put special impartial investigators on it, as we have followed every one of these allegations in each individual case, over the years. I challenge anyone in this House to give us such an instance.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. FULTON] has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The question was taken; and on a division (demanded by Mr. Bow) there were—ayes 61, noes 89.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER I—MILITARY ASSISTANCE
Military assistance

SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended by striking out "1958" and "\$1,600,000,000" and inserting in lieu thereof "1959" and "\$1,640,000,000", respectively.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY on page 2, lines 6 and 7, strike out the figure "\$1,640,000,000" and substitute the figure "\$1,300,000,000."

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, this amendment reduces the figure for military assistance from \$1,640,000,000 to

\$1,300,000,000, a reduction of \$340 million. The Administration requested an authorization for this purpose of \$1,800,000,000. The committee reduced that figure by approximately \$160 million to the present figure of \$1,640,000,000. My amendment would reduce it further to \$1,300,000,000, a total reduction over the authorization request of half a billion dollars.

I should like to call the attention of the committee to the table on page 9 of the committee report, in which it is shown that for fiscal 1958 the Congress finally appropriated for this purpose the sum of \$1,340,000,000. In other words, if my amendment prevailed we would have reduced last year's appropriation for military assistance no more than \$40 million.

I ask the committee next to turn to the map on page 17 of the committee report for the purpose of finding out what countries receive assistance under this particular program of military assistance for fiscal 1959. There is unfortunately no list of the countries in the committee report, but those who want to give themselves a little geography test can look on this map on page 17 and find out pretty much what the countries are.

Starting from left to right across, we have first of all the countries of Latin America. There is Chile, there is Uruguay, there is Brazil, there is Peru—we have heard about Peru recently—there is Ecuador, there is Colombia, there is Guatemala, there is Nicaragua, there is Honduras, there is Haiti, there is the Dominican Republic—we have heard about that recently—there is Cuba—that has been in the news somewhat recently, too.

Then we proceed to Western Europe and find the NATO countries: Norway, the United Kingdom, Germany, Denmark, the Benelux countries, Spain, Portugal, France, Italy, Greece, and Turkey. In Africa there are Libya and Ethiopia. Going on to the Middle East, there is Lebanon—we have heard about Lebanon recently. I am sure everyone figures Saudi Arabia's government is so impoverished that it needs military assistance. There is Jordan, there is Iraq, there is Iran, there is Pakistan, and there are the countries of Vietnam, Cambodia, and Laos. I am sure Laos is going to be discussed on this floor before this bill is finished. There are the Philippine Islands, there is Formosa, there is South Korea, and, finally, there is Japan.

A lot of people have stated that this military assistance is important because of the deterrent which these countries furnish by virtue of our military assistance to Communist aggression. I want to point that out in this respect, that even according to the administration the principal deterrent to Communist aggression is not the military assistance program, Mr. Chairman; it is the retaliatory striking force that we have in the Strategic Air Command and in our ballistic missiles and other programs of that nature. That is according to administration statements. In other words, if we cut out every single bit of the military assistance program, which I am not proposing for the moment, we would still

have the principal deterrent to Communist aggression present in our own Armed Forces.

I want to make one more point, and that is that on page 8—and I quoted this remark yesterday—of the committee report the statement is made by the committee itself that a restriction on the funds available should lead to greater austerity in the types of assistance rendered to such countries and the limitation of expenditures to items of higher priority than has sometimes been the case in the past.

Mr. Chairman, I submit that if further restrictions on the funds can lead to greater austerity in this program and can lead to placing expenditures where they properly belong, on a higher priority basis, then I think the amendment is justified and I hope it prevails.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, the gentleman's amendment reduces the military-assistance program from \$1,640,000,000 to \$1,300,000,000. This is really a reduction under the executive request of \$500 million because the executive request was for \$1,800,000,000. Then the gentleman quoted figures to show that the amount is the same as was appropriated in the fiscal year 1958, which is \$1,340,000,000. But, the gentleman did not point out that in last year's bill we had money reappropriated to the extent of \$538,800,000 making the total amount appropriated for the fiscal year 1958 for military assistance \$1,878,800,000. The money authorized under this military assistance program is for the security of the United States and of the free world. The committee considered this question country by country. We went into it very thoroughly. We were of the opinion that the military assistance could not be reduced more than \$160 million without doing definite damage to the program. Here are some of the things that this money moving through the pipelines for the fiscal year 1959 will accomplish. We have large military forces in Korea. Of course, a good deal of this money goes to Korea. Much of the South Korean equipment is beginning to wear out. Funds are necessary to help modernize and maintain the Korean army. Our military-aid program provides the necessary weapons for nations right on the border of the Communist bloc—such nations as Turkey, Vietnam and Taiwan. The pipeline has been reduced each year and we cannot further reduce the military-assistance program without slowing down movement of military equipment to these people who need it now. Last year the military pipeline was reduced over \$800 million. An important part of the \$1,640,000,000 goes to our NATO friends. We are now in the process of modernizing the NATO military structure. We are adding nuclear missile weapons to equip the NATO military forces. Of course, if this program is reduced \$340 million more, it is going to interfere with the modernization of NATO. The funds in this military-as-

sistance program provides us with 4,750,000 soldiers, 32,000 aircraft and 2,500 naval vessels. This is a good investment. I ask the committee to support the \$1,640,000,000 figure.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 41, noes 73.

So the amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WITHROW: On page 2, line 7, add the following new section:

"There is hereby authorized and directed the transfer of such ships, arms, and supplies as may be necessary to provide adequate and comprehensive submarine patrols in the Caribbean areas embraced by bi-lateral agreements between the United States and the Republics of Dominican Republic, Haiti, and Cuba in furtherance of military assistance agreements, but not limited to such agreements, in the following fashion: 'For the Dominican Republic, \$3,100,000 in addition to sums otherwise authorized herein to be used for the acquisition and repair of destroyer escort type vessels, and patrol boats, surplus to the immediate needs of the United States Navy, and for such additional naval equipment and supplies as may be requested. For Haiti and Cuba, when the Secretary of State is satisfied as to the stability of those governments, an additional amount of \$3,000,000 for the acquisition and repair of naval ships, arms, and supplies deemed most suitable by the Joint Chiefs of Staff for submarine patrol missions as referred to in this section.'

"Change the section numbers and reference in the bill to conform to the above."

Mr. MORGAN. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Pennsylvania reserves a point of order against the amendment.

The gentleman from Wisconsin [Mr. WITHROW] is recognized in support of his amendment.

Mr. WITHROW. Mr. Chairman, we are about to vote on another foreign aid bill. I believe that we all realize that there has been a vast amount of waste in this program. This seems to me to be inexcusable while millions of Americans are standing in the unemployment lines in my district and throughout the United States.

I am introducing this amendment which in reality would earmark \$3,100,000 in funds for the Dominican Republic to enable them to acquire an escort destroyer and in addition would provide \$3 million for Haiti and Cuba when their governments show that they are capable and willing to keep up the Navy equipment. This amendment would not necessarily increase the total amount allocated to the Caribbean and Latin Americas.

I believe that we are placing entirely too little emphasis on the value of the three Caribbean Islands, Haiti, Cuba, and the Dominican Republic.

The Latin Americas, and particularly the Dominican Republic, have an exceptional record for supporting the United States in past emergencies and in the United Nations itself. In fact, the Rus-

sians are very aggravated about it and often refer to it in the United Nations. I believe the Reds call the American Republics the "vassals" of the United States. On reason Russia deplores them is because when Pearl Harbor was attacked, 6 republics of Central America and the 3 island republics, the Dominican Republic, Cuba, and Haiti, promptly declared war. Others followed suit in a limited degree, but Chile and Argentina, for example, allowed Axis spies to carry on activities without restraint. I suppose there are those who would come up with a dozen good reasons why so many American republics declined to go to war, but the fact is that they did not, and their records today in the United Nations are not any better.

I had the American republics record traced by the Library of Congress and, therefore, I speak about these things just as accurately as I am able to do. The support of these republics is invaluable. Therefore, let us do business with them on a basis which also helps us. Let us not simply give them military missions, let us standardize their equipment, and let us make it plain that to have a friend in this cold war money program, they have to be one in the United Nations and wherever they are needed. Let the Russians howl. Let the do-gooders in this hemisphere howl, but within 2 years we shall be on the most firm cold war program you ever saw and it will be effective. Is there any doubt in anyone's mind that this mutual security is anything but an effort to win friends in any way possible. Of course there is not.

When the United Nations was established, the Latin American nations represented 20 of the 50 votes. Today they have 20 votes out of 81. Remember, please, that the United Nations is the world accepted way to settle difference and get to any peace if there is to be one. Therefore, what takes place there is vital.

Military assistance serves us all and serves us well. We have an Inter-American Defense Board, of which the Chairman is the former marine General Shepard. This Board plans the hemispheric defense and through this the United States undertakes to give assistance to certain Latin American countries, which have as their missions the protection of sea lanes, communication lines, and the defense of strategic areas against sea and air attacks. So far, 12 Latin American nations have approved defense assistance agreements with the United States. They are Brazil, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Peru, and Uruguay. The purpose of this is, of course, to avoid the necessity of diverting large numbers of troops to the area as we had to do in World War II.

Mr. MORGAN. Mr. Chairman, I renew my point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. MORGAN. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

The CHAIRMAN. Does the gentleman care to be heard on the point of order?

Mr. MORGAN. No.

Mr. WITHROW. Mr. Chairman, I realize there is some question of the germaneness of the amendment and in all probability it is not germane. I certainly concede the point of order. However, I have a preferential motion at the Clerk's desk.

The CHAIRMAN (Mr. Boggs). The Chair must first rule on the point of order.

The amendment is obviously not germane. It comes within the exclusive purview of the Committee on Armed Services. Without elaboration the Chair will sustain the point of order.

The Clerk will report the preferential motion.

The Clerk read as follows:

Mr. WITHROW moves to strike out the enacting clause.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 5 minutes.

Mr. WITHROW. Mr. Chairman, I have not had an opportunity to speak on this particular portion of the measure, and with my apologies I have offered this motion so as to obtain 5 more minutes.

I am not alone in my desires to effect something concrete in the matter of assistance to friendly allies and to meet the submarine question. One of those who agrees with me on this is John R. Holden, the national legislative director of AMVETS. In discussing this amendment with him, he elected to write me formally in the matter. I quote:

AMVETS have repeatedly advocated and supported a strong mutual-security program between the United States and other nations of the free world. Military assistance, of course, is an integral part of this program. We note with approval your intention to offer an amendment to the Mutual Security Act of 1958 that will provide an additional \$3,100,000 in military aid to non-Communist nations of Latin America. The menace to United States security presented by the increasing evidence of Russian submarines in waters off the Americas makes it necessary that friendly, stable, non-Communist governments in Latin America, such as the Dominican Republic and others, be equipped to assist us in meeting and containing this menace. Your proposed amendment, in our opinion, will help to accomplish this vital purpose.

I am happy to have the expression from such an aggressive and farsighted organization as AMVETS.

I also quote Rear Admiral Rittenhouse, United States Navy, Director of the Foreign Military Assistance Division, Office of the Chief of Naval Operations, in a letter to me dated April 10, 1958, and I quote:

Cuba, Haiti, and the Dominican Republic are of importance to the United States for many reasons, and particularly from a naval point of view are important because of the strategic location of these islands. We desire to assist their navies as much as possible within the limited funds available.

Please remember that in late January a reliable report was published that a number of Russian submarines had been sighted operating off our east coast. Available reports indicate the Russians

have in the neighborhood of 500 submarines. They undoubtedly are operating on tactical missions just as our military forces do. Germany began World War II with approximately 50 submarines and within a short time had sunk more than 400 ships in the Caribbean alone. Puerto Rico reached a point of near starvation. I should like to know if these Russians were, as reported, taking radar sightings on American cities as their objective as a war game. If they were, then the menace to the United States is more alarming than we could ever imagine.

Let us vote military assistance to those who can help us do the job, and those who have helped us in the United Nations and in previous crisis. Those who stand with us in our efforts at peace, and with us if we go to war. These are the people for whom there is indeed mutual security.

American citizens are today supporting a mothballed Navy fleet of 126 destroyers each costing \$7,150 per year to maintain, 169 destroyer escorts each costing \$6,150 per year to maintain, 74 patrol craft each costing \$3,000 per year to maintain. Most of these ships need to be modernized in order to be of value to the United States Navy. Would it not be far more beneficial to have some of these ships keeping track of Soviet submarines, manned by crews of countries we know to be anti-Russian by their past performances.

The CHAIRMAN. The question is on the preferential motion.

The motion was rejected.

Mr. WIER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIER: Strike out of the bill chapter I, line 1, page 2, the following: section 101 and section 102 on line 10 relating to procurement programs relating to military assistance down to and including line 19 on page 2.

Mr. VORYS. Mr. Chairman, I reserve a point of order against the amendment.

Mr. MORGAN. Mr. Chairman, we have only read down to line 9 on page 2.

The CHAIRMAN. We have read through line 7, page 2, to be exact.

Mr. MORGAN. The gentleman's amendment carries on to line 19 on page 2.

The CHAIRMAN. That is correct. Does the gentleman make a point of order?

Mr. MORGAN. I make the point of order that the section has not been read yet.

The CHAIRMAN. Of course, the point of order is well taken. Does the gentleman from Minnesota care to reoffer his amendment to strike section 102, which is half of his amendment?

Mr. WIER. I will wait until the two sections have been read.

Mr. VORYS. Mr. Chairman, I demand the regular order.

The CHAIRMAN. Under the regular order, the gentleman must make an election now.

Mr. WIER. I will choose to take the first step.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WIER: Strike out of the bill chapter I, line 1, page 2, the following: section 101.

Mr. WIER. Mr. Chairman, I have no desire to cut necessary military assistance in the countries of the world where military assistance is needed; neither do I desire to remove from those countries aid where the administration feels that military assistance is of value. But, I do take this first step here to remove from the mutual aid bill all military, and the first step, of course, is section 101.

Mr. Chairman, I do this because I was here in 1949 when the Marshall plan became a very necessary and needed program. When the Marshall plan was in vogue then, as one of our means of combating Communist infiltration, and the desperation we found existing in the Middle East, European, and Far East countries, I was very happy and very pleased to be able to support the mutual aid program then, as it was then called, the Marshall plan, because I felt and later learned that it was doing a good job. In those days the military requirements in the mutual aid legislation were a very minor part of the bill, but in recent years the military have moved into this bill until now they control or they operate the military assistance part of the program to almost complete domination of the mutual aid program. Now, I see no reason in the world why the military, whether it is for our own domestic needs or the international needs, cannot go to the Armed Services Committee and get the money that is required for the necessary programs that are initiated by the administration here for military assistance. I think they have ruined the mutual aid program. I was very proud of this program when the gentleman from Oklahoma administered the program. Unfortunately, he was killed in airplane accident. I think he was one of the outstanding administrators in my 10 years here, and I think he did a wonderful job. But I am voting here today not for economic aid, not for technical aid; I am voting for a military program. My objective here, of course, is to put the military assistance program where it properly belongs, under the armed services, and not in this program.

I shall take my next step later.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

This cuts out all military aid. Again, we are going up the hill and then down the hill; first we considered striking out all economic assistance, now all military assistance. Of course, if all military assistance were removed from this program, some of the countries counting on our support would have to abandon their defense efforts.

Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. WIER].

The amendment was rejected.

The Clerk read as follows:

Procurement programs relating to military assistance

Sec. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act

of 1954, as amended, which relates to conditions applicable to military assistance, is amended by inserting immediately before the period at the end thereof the following: "including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area."

CHAPTER II—ECONOMIC ASSISTANCE

Defense support

SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1958" and "\$750,000,000" and inserting in lieu thereof "1959" and "\$775,000,000" respectively.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 3, lines 6 and 7, strike out "\$775,000,000" and insert "\$675,000,000."

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, my amendment would reduce the very controversial defense support section of this bill by a further \$100 million. The committee had recommended an authorization of \$775 million. That is a reduction of \$60 million from the \$835 million requested by the administration. As I have said, my amendment would take it to \$675 million.

Last year the appropriation request for defense support was \$900 million. The appropriation was \$689 million. So Members will observe that if my amendment is adopted, we shall leave the figure at approximately the same level at which the appropriation figure was fixed last year.

This defense support money has been the object of a great deal of criticism both within the Congress and without. Many people have pointed out various items for which this money has been spent, in a great many cases, in the opinion of many of us, unwisely. The subcommittee of the Committee on Government Operations of this House, headed by the gentleman from Virginia [Mr. HARDY] went into the expenditures of defense support funds in very considerable detail and found, as others had already found, lack of planning, lack of proper administration, and lack of audit. You might say to me, "Well, why are you asking that the House strike \$100 million from this figure; why don't you be more specific as to details?" The answer is, of course, because the request for authorization in these funds is in the broadest possible terms. Then too, a great deal of latitude is allowed to the executive department in the use of these funds.

The greatest amount of criticism has arisen in connection with the improper administration and unwise use of the funds of this program. In the hearings before the committee, if Members have had an opportunity to read them on this subject, they will learn that it was pointed out time after time that the uses to which these funds were to be put were in many cases vague, uncertain, and

not at all specific. The explanation of the whole proposed program for next year was not satisfactory, in my opinion.

I am sure Members of the House realize that this money can be given in dollars to support governments. It may be given in goods. It may be used for a very great variety of purposes, anything from building highways which are not needed to providing services which are not required. Because of the complete blank-check authority which exists here, because of the lack of control which exists as to this section, because of the abuses which have been found, I think the House is fully justified in agreeing to this \$100 million reduction. It is my firm opinion that if we reduce beyond the committee recommendation this defense support money by the further \$100 million we will get better administration, we will get a better program, and at the same time we will be able to save this very considerable sum for our taxpayers.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Will the gentleman tell us in whom is vested the authority to make the decision for what purposes this money will be spent?

Mr. ADAIR. It lies eventually in the hands of the Executive, of course. I would say that the proper answer to the gentleman's question would be in the ICA Director.

Mr. JOHANSEN. May I ask the gentleman one other question: Does the authorization as now written and as now established in law designate amounts for countries, or does it leave it entirely discretionary?

Mr. ADAIR. It is in one lump sum, with no breakdown in the law as to countries.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment of the gentleman, as he has explained, reduces defense support by \$100 million. The committee does not feel that the program can stand this reduction.

There are only 12 countries which receive defense support—Korea, Republic of China, Philippines, Vietnam, Laos, Cambodia, Thailand, Pakistan, Iran, Turkey, Greece, and Spain.

Only two NATO countries are included: Greece and Turkey.

Spain is the only other European country receiving defense support.

There are no defense support funds for France, Germany, Italy, the United Kingdom, or any other NATO countries.

The 12 countries have over 3 million men in their armed forces.

Seventy percent of the funds authorized are planned for 4 countries—Korea, Formosa, Vietnam, and Turkey. These 4 countries maintain 2 million men under arms.

The evidence clearly indicates that every one of these 12 countries is maintaining armed forces larger than it can afford. Without economic assistance these countries must inevitably reduce their armed forces or face the danger of

internal unrest, political disturbances, and economic collapse.

It would be a mistake to supply weapons, tanks and airplanes to these countries unless we also supply adequate economic assistance. Without economic assistance, civil unrest and disturbances would be inevitable in many of these countries. The result might well be that our military equipment could fall into Communist hands. Unless we are willing and able to support the economies of these countries, we should not provide military assistance.

The committee has already reduced the Executive request by \$60 million. This cut was made because the committee recognized that in certain Asian countries some money had been spent for purposes that did not contribute to the economic strength of these countries. As a result of the cut, the ICA will have to reexamine its programs and eliminate certain lower priority items. A further cut would, in our judgment, go too far.

The purpose of defense support is to enable the recipient country to maintain its standard of living and still devote a large proportion of its resources to military purposes. Unless enough economic aid is given so that the standard of living can be maintained, our effort is wasted. A cut which would put a nation on short rations and cause discontent and discouragement among the population would endanger the entire program. Unless we provide enough, we should provide nothing.

Every one of the 12 countries has an important place in our strategic plans. There is not one of them which we could safely eliminate. Except for Spain, the Philippines and Cambodia, all of them border directly on Communist territory. The strategic importance of Spain and the Philippines is readily apparent. Cambodia is separated from Communist territory by 100 miles of mountains and jungle which could be penetrated if the Communists determined to move.

Any cut in the total for defense support inevitably must be reflected in a reduction in the economic assistance we give to one or more of 12 nations, each of which has a vital role in our defense strategy.

Mr. Chairman, we feel that the amendment should be voted down, and I ask for a vote.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield for a question?

Mr. CARNAHAN. I yield.

Mr. JOHANSEN. Am I correct in my understanding of the statement of the author of this amendment that these are lump-sum appropriations?

Mr. CARNAHAN. Yes.

Mr. JOHANSEN. And has the committee any detailed information as to the proposed allocation during the next fiscal year of these funds?

Mr. CARNAHAN. Yes, the programs are broken down in classified material available to the gentleman, if he cares to examine it.

Mr. JOHANSEN. Without, of course, asking for any classified information, do the detailed, specific programs give the periods of the year that are projected

by countries and specific programs and projects?

Mr. CARNAHAN. Yes, it is broken down.

Mr. JOHANSEN. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to this amendment.

This is substantially what we debated during the consideration of the Colmer amendment just a little bit ago. We should bear in mind that these 12 countries that get defense support, except for Spain and the Philippines, all have borders with Communist China or with the Soviets, although Laos has a few miles in between. The committee has already cut defense support by \$60 million. This further cut would get into the most important part of this program. It has been asked whether this is a lump-sum appropriation amount. Remember, this is just an authorization. The Committee on Appropriations is considering this and will go over it in detail. However, the details of the amount planned for every country are here in these secret books at the committee desk. While I am on my feet, I want to mention here that we also have at the committee desk lists showing the impact on the various States and communities and the purchases made under defense support and the nonmilitary part of the program. If any Member cares to see what his community is doing toward this program, the figures are available for you here.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. MARTIN. As I understand the situation, if this amendment is adopted, we will be imposing a tremendous handicap on American defense and we will nullify our great effort for security in the free world; is that not correct?

Mr. VORYS. Yes; that is a vital part of our security arrangements.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JOHANSEN. To what extent, if any, and I realize that we are at the authorizing stage, but to what extent, if any, assuming that the general programs are spelled out at the time of the appropriation, is there a flexibility or transferability of funds or an opportunity to cancel and to shift funds completely?

Mr. VORYS. There is a provision in section 501 which you will find on page 81 of our report, which will show you the transferability provisions. I do not think the time is available to me now to explain how this transferability section works, but, in general, 10 percent of any appropriation may be transferred to another section, provided the latter section is not increased more than 20 percent. This permits some flexibility. But you have to have enough money in this program to make it work. If you cut out too much of it, then you do not have anything to transfer. This is the place where we had better not do any more cutting because then there will not be enough money left in this bill to

transfer. I hope the amendment is defeated.

Mr. JOHANSEN. Mr. Chairman, I move to strike out the requisite number of words.

I take this time, Mr. Chairman, to pursue the line of questioning. I should like to do direct a question to the gentleman from Indiana [Mr. ADAIR]. I read in the majority report on page 7 these words:

It should not be necessary for the United States, however, to appropriate funds until the process of planning, organization and taking the necessary legal and legislative action in the recipient country is further advanced than is the present practice.

My question goes to the point of whether, in the judgment of the gentleman, the authorization bill and the alleged detail plans for the spending of this money to which the gentleman's amendment relates, in his judgment the recommendation of the majority of the committee itself is made in principle and in fact with respect to these funds?

Mr. ADAIR. Yes; I would say to the gentleman, that is one of my objections to this authorization. I do not think it has been worked out carefully enough. Therefore I think that a reduction of \$100 million will make for a better program, because it will tighten up the matter and will make for a better effort.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHANSEN. I yield.

Mr. BENTLEY. The gentleman from Ohio [Mr. VORYS] spoke about the possibility of getting all to examine these classified books and find out the various ways in which the money is to be allocated. These programs and these books are purely illustrative and do not represent any commitments on the part of the administration or of the recipient government.

Mr. JOHANSEN. I thank the gentleman.

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. JOHANSEN. I yield.

Mr. COFFIN. The minority report has recommended the inclusion of this section which relates mostly to defense support money, and we think effectively tightens up the plan so you do not obligate or spend the money before the plan is completed.

Mr. JOHANSEN. For once I find both the minority and the majority proposing a state of a little restraint and control and economy. It is a matter of the deepest distress and concern to me that the stories that come from the opposing sides of this argument are so vitally at variance as to the theory on which these recipient programs are planned in advance of the authorization and the appropriation.

I yield back the remainder of my time, Mr. Chairman.

Mr. DAVIS of Georgia. Mr. Chairman, I move to strike out the requisite number of words.

I would like to ask the gentleman from Indiana [Mr. ADAIR], the author of this amendment, this question: When this bill was considered last year, there was a discussion on the floor that in Laos, which is one of the countries involved here, we

were spending approximately \$20 million a month to support the currency of Laos. Can the gentleman give us any information about whether we are still doing that, and how much of this item would be devoted to that purpose?

Mr. ADAIR. The answer to that question, as given to the committee, has been classified by the Executive. However, I can say to the gentleman, and still be within the rules of security, that we are still contributing to the support of Laos. That is, money for that purpose is included in this item.

Mr. DAVIS of Georgia. It was stated last year that the sum was approximately \$20 million a month. Can the gentleman tell us what it is now, or can anyone tell us?

Mr. VORYS. Will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. VORYS. We have been conducting hearings on this most delicate situation in Laos while this bill was coming to the floor. I have just been informed that the hearings have been published and all the facts and figures are available, and on page 3 can be found the detail of the aid program for the last 3 years. Of course, it does not amount to any \$20 million a month.

Mr. ADAIR. The gentleman from Ohio provides information for the past. I believe it can be said that the program proposed for the future is comparable to the program in the past.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. HAYS of Ohio. I would like to be corrected if I am wrong, but I understand that the whole Laotian program is in a state of suspended animation, that no money is going to them now pending the results of an administrative action out there. Is not that true?

Mr. ADAIR. If the gentleman from Georgia will yield, I think it is true that such action has been taken, but the authorization is before us nevertheless.

Mr. HAYS of Ohio. I understand that, but at least the people administering this program has been awakened to what has been going on and they have taken steps which I consider to be a very fine thing. I think until we learn the outcome of the investigation we should suspend any further aid.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. ADAIR. I agree with the gentleman. I think it is an excellent idea, in view of the public outcry and the congressional hearings, that the matter has been suspended. One of the purposes of this amendment is to require a constructive understanding of the entire situation before the commitments are made. That should help to avoid situations like the one in Laos in the future.

Mr. DAVIS of Georgia. Can the gentleman tell me without violating any security regulations how much of the money involved in this item was originally intended to go to Laos?

Mr. ADAIR. I regret that I am not in position to do so, because that informa-

tion is classified. The gentleman can find details in the books on the committee tables.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. Yes; I yield.

Mr. VORYS. In these defense support countries the amount of support they are going to get is almost as important to keep from our enemies as the amount of military support they are going to get, because it would reveal the condition of their economy. In any case, the amounts per country in defense support, just as in military aid, are classified as far as what is planned for the next year is concerned. They are available, however, at the committee table.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. JOHANSEN. I wonder if the gentleman would care to comment that he believes the figure he did not get, had he gotten it, would have been an illustrative figure or an actual figure?

Mr. DAVIS of Georgia. When this matter was up last year it was openly stated in debate that this country had been furnishing approximately \$20 million a month for support of the currency of Laos, and the gentleman from Indiana said the program for the future will be as large as the program in the past.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken, and on a division (demanded by Mr. ADAIR) there were—ayes 58, noes 77.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MORGAN and Mr. ADAIR.

The Committee again divided, and the tellers reported that there were—ayes 60, noes 91.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. ALBERT, Acting Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12328) entitled "An act making urgency deficiency appropriations for the fiscal year ending June 30, 1958, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the amendments of the Senate to the bill (H. R. 358) entitled "An act

to increase the monthly rates of pension payable to widows and former widows of deceased veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection."

THE SUMMER FELLOWSHIP PROGRAM FOR SECONDARY SCHOOL TEACHERS

(Mr. McINTIRE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McINTIRE. Mr. Speaker, a rather novel, but practical, method of aid to education has come to my attention, and I am happy to note that it is being accomplished in my particular district in the State of Maine at Caribou.

At a time when our national educational system is being closely examined and our great teacher shortage becomes more and more evident, I feel that this program merits our attention and the attention of industry, educators, and civic organizations across country.

The program is being initiated this spring by the Birds Eye Division of General Foods Corp. in Caribou, Maine. Mr. H. S. Hilton, the plant manager, calls the program "The Summer Fellowship Program for Secondary School Teachers."

The company's teacher-aid program is comparatively simple and inexpensive. Importantly, it strikes directly at an area of our educational system which has been of deep concern to us recently. It involves providing grants to secondary school teachers to take advanced courses of study during the summer months at little or no expense to themselves.

And as I understand it from Mr. Hilton, his parent organization, General Foods Corp., is expanding this teacher fellowship program to 12 or more of its plant communities in 12 States. The program will become effective this summer.

Certainly there has been a felt need to improve the quality of our teaching—especially in secondary schools where students are prepared for higher education and more often for life itself.

A program such as this, which helps to increase the opportunity and incentive for high-school teachers, certainly demands our attention.

I would hope that other industrial companies, communities, and local civic organizations would take a long look at this Birds Eye teacher-aid program, as its "grass-roots" approach to making the teaching profession more attractive to competent teachers seems most effective and workable.

It is a source of personal satisfaction to me to know that an industry in my district is taking a lead in so practical a method of helping high-school teachers obtain further education for their own betterment as well as for the betterment of local students, and the school system of the community of Caribou.

CENTRAL MASSACHUSETTS FLOOD CONTROL

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PHILBIN. Mr. Speaker, the peo-

ple of my district, State, and area, and I are truly indebted to our House and Senate Appropriations Committees and the Congress and I want to emphasize our deep appreciation and gratitude for the prompt effective action taken to solve our flood-control problems.

I endorse fully the budgeted items to continue construction of Hodges Village and East Brimfield and to provide final planning—\$141,000—of Westville, all in the Thames Basin. I desire especially to emphasize the need for construction funds for West Hill and Westville despite the budget restrictions on new construction.

If West Hill in the Blackstone Basin had been in operation at the time of Hurricane Diane, the Army engineers estimate that \$12,215,000 in damages could have been averted. Had Westville in the Thames Basin been in operation, \$5,500,000 in damages could have been avoided, according to the engineers. Human life would have been saved; human misery averted.

It is clear, therefore, that West Hill and Westville are urgently needed now and I hope and urge that the Congress will provide these necessary funds to initiate construction:

West Hill, \$275,000.

Westville, \$500,000.

I feel sure that the Army engineers can render full justification for the expenditure of these needed amounts.

I only wish that my colleagues in the House could see the wonderful results of the previous action taken throughout the years to provide a flood-control program in the central Massachusetts area. It would be a pity, as well as a grave risk, not to complete the program as contemplated and scheduled. I need not tell the House of my deep gratitude because I have expressed it on many occasions and will always be conscious of it.

Let me repeat, the people of my district, State and area and I are truly indebted to the Congress. It is just a little more than 2 years ago that the House and Senate acted promptly to make available emergency funds to speed flood-control projects for New England after the disastrous floods of August 1955, and in subsequent appropriation bills approved the necessary funds to carry on this vital work.

The progress, which has been made, has been indeed great and it is a tribute to the sympathetic understanding and prompt action of the Appropriations Committee that we are now beginning to see the actual results of its work.

This month will mark the dedication of the completed Barre Falls Dam and Reservoir in my district, the first New England project to be started and completed after Hurricane Diane. Another project, also in my district, is nearing the completion stage—the Buffumville Dam and Reservoir, which has already demonstrated its flood-reduction potential during the recent heavy spring rains in Massachusetts.

Barre Falls is typically illustrative of the painstaking care and attention the Congress gives to flood-control problems. This project was nearly ready for actual construction after the rains of August 1955, largely as the result of action taken by the Appropriations Committee.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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Dairy cattle.....	13	
Education.....	6, 14, 24	
Electrification.....	17	
Farm Credit Board.....	3	
Farm program.....	22	
Federal Seed Act.....	1	
Federal-State relations.....	14	
Food-and-mouth disease...	1	
Foreign aid.....	13	
Foreign trade.....	9, 20	
Hog-cholera virus.....	1	
Humane slaughter.....	10	
Insecticides.....	4	
Lands.....	25	
Meatpackers.....	12	
Nominations.....	3	
Noxious weeds.....	1	
Onions.....	21	
Pay raises.....	11, 15	
Postal rates.....	11	
Research.....	1, 24	
Statehood.....	8, 23, 27	
Stockpiling.....	26	
Surplus property.....	19	
Taxes.....	7	
Textiles.....	4	
Trade agreements.....	28	
Watersheds.....	2	
Wildlife.....	4	

HIGHLIGHTS: House passed mutual security authorization bill. Senate committee ordered reported bill to amend Federal Seed Act. Senate made Packers and Stockyards bill unfinished business.

SENATE

1. THE AGRICULTURE AND FORESTRY COMMITTEE ordered reported the following bills:
S. 1939, without amendment, to amend the Federal Seed Act; S. 3076, without amendment, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes; S. 3478, without amendment, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus; H. R. 6765, without amendment, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions; H. R. 8490, with amendment, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the land on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties; and a clean bill in lieu of S. 672 and S. 2490, providing for the control of noxious weeds on Federal lands. pp. D413-14
2. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Ellison Creek, Miss., Little Pudding River, Oreg., Little Tallapoosa River, Ga., Mud Creek, N. C., Prairie Creek, Inc., and Swan-Buffalo Creek, N. C. p. D414

3. NOMINATIONS. The Agriculture and Forestry Committee reported the nominations of Marvin J. Briggs, of Ind., and Frank Stubbs, of Tex., to be members of the Federal Farm Credit Board. p. 7748
4. TEXTILES; WILDLIFE. The Interstate and Foreign Commerce Committee ordered reported with amendments H. R. 469, to provide protection of the public against misbranding and false advertising of the fiber content of textile fiber products, and S. 2447, to authorize studies of the effects of insecticides upon fish and wildlife. p. D414
5. CCC. Received from the Comptroller General an audit report on the Commodity Credit Corporation for fiscal 1957. p. 7733
6. EDUCATION. Both Houses received from HEW a proposed bill to "facilitate administration of the act authorizing cooperative research in education"; to H. Education and Labor and S. Labor and Public Welfare Committees. pp. 7733, 7853
7. TAXES. The Judiciary Committee reported with amendment S. 586, to extend the time for filing of claims under sec. 6420 of the Internal Revenue Code of 1954 for refund of taxes on gasoline used on farms between Jan. 1, 1956 and June 30, 1956 (S. Rept. 1577). p. 7737
8. STATEHOOD. Sen. Yarborough inserted a newspaper editorial urging statehood for Alaska, "The Case for Alaska: Reasons for Granting Statehood Summarized." p. 7743
9. FOREIGN TRADE. Sens. Wiley and Smathers spoke in favor of an expanded trade program between the U. S. and Latin America. pp. 7747, 7775-80
10. HUMANE SLAUGHTER. Sen. Neuberger inserted a release urging the use of humane methods in the slaughter of animals, "Protestants, Catholics Ask More Humane Animal Slaughtering." pp. 7765-66
11. POSTAL RATES. Sen. Johnston announced that "conferees on the postal rate and pay bill (H. R. 5836) have today completed their work, and we hope to have the report drafted and submitted to the Senate Monday." p. 7780
12. MEATPACKERS. S. 1356, to transfer certain functions under the Packers and Stockyards Act from this Department to the Federal Trade Commission, was made the unfinished business. p. 7795

HOUSE

13. FOREIGN AID. Passed, 259 to 134, with amendments, H. R. 12181, to extend the mutual security program. pp. 7796-7842
Agreed to an amendment by Rep. Feighan to provide that no assistance under the act shall be furnished to Yugoslavia unless the President reports his reasons therefor to Congress. pp. 7796-97
Rejected, 34 to 58, an amendment by Rep. Bentley which he stated would have provided "that the dollars loaned to a foreign government or to individuals under the revisions of title II, the Development Loan Fund, would have to be spent inside the United States, unless the delivered price of these commodities for the purchase of which the loan funds would be used exceeds 15 percent of a delivered price from foreign sources, unless these commodities are not available." pp. 7804-05

A point of order was sustained against an amendment by Rep. Dingell which would have authorized the use of foreign currencies under Public Law 480 for the analysis and evaluation of foreign books, periodicals, and other materials of technical and scientific significance to the U. S., and for the acquisition of such materials. pp. 7833-34

14. FEDERAL-STATE RELATIONS. Received from the President a message recommending enactment of legislation to implement the recommendations of the Joint Federal-State Action Committee, including the discontinuance of grants for vocational education, and discontinuance of grants for construction of waste treatment plants (H. Doc. 383). pp. 7842-43, 7853

Also received from the Budget Bureau a proposed bill to implement these recommendations; to Ways and Means Committee. p. 7853

15. PAY RAISES. Rep. Granahan urged prompt enactment of legislation for pay raises for Federal employees. pp. 7844-45

16. AGRICULTURAL APPROPRIATION BILL. The "Daily Digest" states that conferees met on this bill "but did not conclude their work, and will meet again Monday, May 19." p. D418

ITEMS IN APPENDIX

17. ELECTRIFICATION. Sen. Kefauver inserted his recent address commemorating the 25th anniversary of TVA. pp. A4415-6

18. DAIRY CATTLE. Extension of remarks of Sen. Potter inserting excerpts from a proclamation declaring the month of May in the State of Michigan as Purebred Dairy Cattle Month. p. A4427

19. SURPLUS PROPERTY. Extension of remarks of Rep. McCormack inserting a release itemizing the disposition of certain surplus property and stating that "I have been convinced for some time that more effective management of the numerous supply and service systems of the Dept. of Defense would greatly reduce the volume of surplus property." p. A4435

20. FOREIGN TRADE. Rep. Dorn inserted Robt. T. Stevens', former Secretary of the Army, speech advocating advantageous reciprocal trade. pp. A4435-7

21. ONIONS. Extension of remarks of Rep. Knutson urging enactment of H. R. 376, to prohibit trading in onion futures in commodity exchanges. p. A4441

22. FARM PROGRAM. Rep. Hemphill inserted Sen. Thurmond's address during the celebration of Farm Day in Calhoun County, S. C. pp. A4453-5

Rep. Dague inserted an editorial, "Benson Will Survive." p. A4455

Extension of remarks of Rep. Watts inserting an article, and stating that "it gets to the bottom of the so-called increase in the farmer's income." pp. A4460-1

23. STATEHOOD. Rep. Evins inserted 2 articles favoring statehood for Alaska. pp. A4459-60

BILLS INTRODUCED

24. EDUCATION. S. 3802, by Sen. Smith, N.J., to facilitate administration of the act authorizing cooperative research in education; to Labor and Public Welfare Committee. Remarks of author. p. 7738
25. LANDS. S. 3809, by Sen. Jackson (by request), to grant the status of public lands to certain reef lands and vesting authority in the commissioner of public lands of the Territory of Hawaii in respect of reef lands having the status of public lands; to Interior and Insular Affairs Committee.
26. STOCKPILING. S. Res. 304, by Sen. Murray (for himself and others), pertaining to a program for conversion of raw stockpile materials for immediate usefulness; to Government Operations Committee.
27. STATEHOOD. H. R. 12500, by Rep. Dellay, and H. R. 12502, by Rep. Libonati, to provide for the admission of the State of Alaska into the Union; to Interior and Insular Affairs Committee.
28. TRADE AGREEMENTS. H. R. 12511, by Rep. Simpson, Pa., H. R. 12512, by Rep. Dorn S. C., H. R. 12513, by Rep. Davis, Ga., and H. R. 12514, by Rep. Bailey, to extend for 2 years the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended; to Ways and Means Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS:

- May 15: Amendments to peanut allotments legislation, H. Agriculture (Miller, Manwaring, and Thigpen, CSS, to testify).
Self-help dairy stabilization bills, H. Agriculture.
Public works appropriations, S. Appropriations and H. Appropriations (exec).
Foreign aid appropriations, H. Appropriations (exec).
Federal employee training bills, H. Post Office and Civil Service.
Extension of trade agreements authority, H. Ways and Means (exec).
Relationship of prices to economic stability and growth, Jt. Economic Committee.
Klamath Indian land bills, H. Interior and Insular Affairs.
- May 16: Review of USDA water resources work, S. Interior (Phillips, SCS, to testify).

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"(2) 'service connected disabilities' means disabilities determined by the Veterans' Administration under laws which it administers to be connected with the service described in paragraph (1) of this section."

SEC. 2. Such act is further amended by adding at the end thereof the following new section:

"SEC. 7. The amendments made to the first four sections of this act by the act enacting this section shall not affect the availability and use of appropriations made before the date of enactment of this section for the purposes of this act as it then existed."

SEC. 3. (a) Paragraph IV of Veterans Regulation Numbered 6 (a), as amended (38 U. S. C. Ch. 12A), is hereby amended by inserting after "Provided, That" the following: "the Administrator of Veterans' Affairs may, in his discretion, furnish medical or hospital care, including treatment in the Republic of the Philippines for disabilities due to service in the Armed Forces of the United States to otherwise eligible veterans, irrespective of citizenship status or nature of residence: And provided further, That."

On page 6, at the beginning of line 3, to strike out "(b)" and insert "(a)" in line 23, after the word "war", to insert "who was domiciled in the Philippines on July 4, 1946, and who continues to be so domiciled"; on page 7, at the beginning of line 5, to strike out "(c)" and insert "(b)", and in the same line, after the word "Section", to strike out "521" and insert "522"; at the beginning of line 9, to change the section number from "4" to "2"; in line 24, after the word "the", to strike out "plant" and insert "plan"; on page 11, at the beginning of line 8, to change the section number from "5" to "3"; at the beginning of line 15, to change the section number from "6" to "4"; in line 19, after the word "appropriations", to strike out "heretofore"; at the beginning of line 21, to strike out "60" and insert "62"; after line 22, to strike out:

SEC. 7. Paragraph (203) of section 2202 of the Veterans' Benefits Act of 1957 is amended (1) by inserting "(A)" immediately after "(203)"; (2) by striking out "1938" and inserting "1948"; and (3) by adding at the end thereof the following:

"(B) The act of July 1, 1948 (62 Stat. 1210; 50 App. U. S. C., secs. 1991-1996)."

On page 12, after line 4, to insert:

SEC. 5. The act of July 1, 1948 (62 Stat. 1210; 50 App. U. S. C., secs. 1991-1996), is hereby repealed.

And, at the beginning of line 7, to change the section number from "8" to "6."

Mr. THURMOND. Mr. President, under Public Law 865 of the 80th Congress, which was approved on July 1, 1948, the United States financed the construction of the Veterans Memorial Hospital at Manila, in the Republic of the Philippines. That hospital was opened on November 20, 1955. Two years of experience with the operation of the hospital by the Government of the Republic of the Philippines have made it apparent that certain changes in the agreement under which the hospital is now operating would be mutually desirable, both to our Government and to that of the Republic of the Philippines.

This proposed legislation would authorize modification of the existing agreement, so as to permit the following changes:

First. It would make it possible for the

Administrator of Veterans' Affairs in this country to contract for the hospital care of veterans with service-connected disabilities of the organized military forces of the Commonwealth of the Philippines, including recognized guerrillas, while such forces were in the service of the Armed Forces of the United States.

Second. It would permit the Veterans' Administration to pay for medical care rendered to American veterans in the Philippines for service-connected disabilities.

Third. It would permit the hospital to provide outpatient care to veterans of the Philippine Commonwealth Army who, under the existing agreement, can receive only in-hospital services. By permitting the provision of outpatient services, the length of the hospitalization would be materially shortened and the cost of the hospitalization today being provided patients would be materially reduced.

Fourth. It would permit the provision of care in the hospital to veterans who served in the old American Scouts in the United States Army prior to the Philippine independence.

And finally, to the extent that beds are available, the Government of the Republic of the Philippines would be given the right to admit its own non-veteran citizens to the hospital. This provision is considered of utmost importance, inasmuch as this hospital is potentially one of the finest in the entire Far East; and, if a sufficiently wide variety of cases can be admitted to the hospital, it could well become one of the finest teaching hospitals in that part of the world.

The Committee on Labor and Public Welfare has made several amendments to the bill as it was received from the House. With one exception, all of those amendments are purely technical, and were adopted in order to bring this proposed legislation into consonance with the language of Public Law 85-56, which consolidated and simplified previous veterans' laws, including those concerning hospitalization.

The one nontechnical amendment made by the committee is to limit care for non-service-connected cases to those American veterans who were domiciled in the Philippines before that country received its independence, and who are in financial need. This amendment means that veterans of our forces who became bona fide residents of the Philippines while it was considered United States Territory can receive the same services in this hospital that they would receive at one of our own veterans' hospitals if they were resident in the United States. It means, too, that this Government would assume no more responsibility for veterans suffering from non-service-connected disabilities who chose to make their homes in the Republic of the Philippines after that nation had become independent than our Government assumes for veterans who have decided to make their homes in other foreign nations.

The bill, Mr. President, is apparently noncontroversial; and its prompt passage is considered desirable by the Veterans' Administration and by our Department of State.

Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc; and that the bill as thus amended be considered as original text, for the purpose of amendment.

The PRESIDING OFFICER. Without objection, the amendments are agreed to en bloc.

If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 6908) was read the third time, and passed.

CONTROL OF COMMERCE IN MEAT AND MEAT PRODUCTS

Mr. THURMOND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1489, Senate bill 1356. It is the desire to have the bill made the unfinished business of the Senate.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1356) to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic practices and other unlawful restraints in commerce by certain persons engaged in commerce in meat and meat products, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to and the Senate proceeded to consider the bill (S. 1356) to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic practices and other unlawful restraints in commerce by certain persons engaged in commerce in meat and meat products, and for other purposes, which had been reported from the Committee on the Judiciary with an amendment.

ADJOURNMENT

Mr. THURMOND. Mr. President, I move that the Senate adjourn until tomorrow, at 12 o'clock noon.

The motion was agreed to; and (at 7 o'clock and 10 minutes p. m.) the Senate adjourned until tomorrow, Thursday, May 15, 1958, at 12 o'clock noon.

CONFIRMATION

Executive nomination confirmed by the Senate, May 14, 1958:

COMMISSION ON CIVIL RIGHTS

Gordon MacLean Tiffany, of New Hampshire, to be Staff Director for the Commission on Civil Rights.

NOMINATION

Executive nomination received by the Senate May 14, 1958:

FEDERAL POWER COMMISSION

John B. Hussey, of Louisiana, to be a member of the Federal Power Commission for the term of 5 years expiring June 22, 1963, vice Seaborn Lee Digby, term expiring.

House of Representatives

WEDNESDAY, MAY 14, 1958

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Psalm 31: 24: *Be of good courage and He shall strengthen your heart; all ye that hope in the Lord.*

Almighty God, may we now offer unto Thee our prayers of gladness and gratitude for Thou art our help for today and our hope for tomorrow.

From Thy great heart of grace and goodness our own human hearts draw their loftiest aspirations, their love and longing for truth, and their hunger and thirst for righteousness.

Grant that our vision of Thy divine will may be so clear and commanding that all that is within us shall rise up and follow it.

Inspire us in the tumult and terror of these days to look unto Thee for strength and courage.

Hear us for the sake of our blessed Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3683. An act to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

STORY OF FREE ENTERPRISE

(Mr. ALGER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ALGER. Mr. Speaker, for a week I have been driving a car that can only go forward. The rear gear broke. Needing transportation, while awaiting the mechanic's pleasure, I have kept driving. I have to beware certain situations—deadend streets lacking turn-arounds, being hemmed in while parked, inclines where forward progress can be blocked. Parking is a real challenge and necessitates climbing the curb with the right front wheel before settling in place. I appreciate the importance of a rear gear. Such driving takes some planning ahead. Though trapped several times, I have managed to go again.

This motoring predicament has suggested many analogies to me relating to private enterprise. Take locomotion itself. The whole idea is to go forward. Yet, there is a time to back up as a

prelude to going forward again. Backing up is not an end in itself. Stopping and backing up are not bad, just necessary—even though I have temporarily outwitted the rear gear. Countless adjustments are necessary in the fluid movement of the traffic gyrations of countless motorists.

Likewise, businesses in free enterprise must adjust to market conditions of demand, supply, profit, and loss. Businesses, like my car—start, go forward, pause, even stop or fail. Such business movements—even moving sideways, a rare motoring experience—are not bad in themselves. They are normal. They are the visible operations of basic economic laws.

The danger of some alleged antirecession legislative measures comes from the failure to recognize basic economic laws, it seems to me. As for my car, I shall try to go forward fully aware of and not condemning the need to stop or back up. Businesses, separately or collectively, like the car, have no uniform rate of forward speed.

CORRECTION OF THE RECORD

Mr. COLLIER. Mr. Speaker, I ask consent to correct an error which appears on page 7706 of yesterday's CONGRESSIONAL RECORD. I ask that the permanent RECORD be corrected so that the sixth line of the fifth paragraph of the middle column shall read "Let us not forget that nearly 60." This changes the figure "80" to "60."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

KITTY BROWN—A GRAND LADY

(Mr. DEROUNIAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DEROUNIAN. Mr. Speaker, on Monday, May 12, Mrs. Claire A. Brown passed away at the age of 79. With her death, the great County of Nassau has lost one of its most beloved ladies.

"Kitty," as she was affectionately called, was the first person to call on us, April 2, 1921, the day after my family emigrated to the United States. She was our devoted neighbor for almost 25 years.

She encouraged my interest in government and politics. She watched me like a mother hen up to the time she failed in health.

Kitty was the pillar of the Republican Party in those days and yet she found time to be of help, in every way, to her fellow man. Her charitable and civil

endeavors were always successfully carried through.

Nassau County has been a better place because Kitty lived there.

To her family, my wife and I extend our deepest sympathy.

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 12121, with Mr. Boggs in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 201 ending on line 7, page 3 of the bill. Are there further amendments to this section?

Mr. FEIGHAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FEIGHAN: (1) On page 3, line 2, immediately after "defense support" insert the following "and general provisions."

(2) On page 3, line 3, immediately after "Sec. 201." insert the following: "(a)."

(3) On page 3, immediately below line 7, insert the following:

"(b) Section 143 of the Mutual Security Act of 1954, as amended, which relates to assistance to Yugoslavia, is amended to read as follows:

"SEC. 143. Assistance to Yugoslavia.—Notwithstanding any other provision of law, no assistance under this title or any other title of this act shall be furnished to Yugoslavia after the expiration of 90 days following the date of the enactment of the Mutual Security Act of 1958, unless the President finds and so reports to the Congress, with his reasons therefor, (1) that there has been no change in the Yugoslavian policies on the basis of which assistance under this act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this act. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I yield to the distinguished acting chairman of the committee.

Mr. MORGAN. We have examined the amendment very thoroughly. This language is just revised language of what was contained in the act of 1956, is that right?

Mr. FEIGHAN. That is correct.

Mr. MORGAN. The committee has no objection to this amendment, Mr. Chairman, and we will accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. FEIGHAN].

The amendment was agreed to.

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, my amendment requires the President to keep the Congress and the American people informed before assistance in any form shall be furnished to the Communist regime of Yugoslavia. Before furnishing any such assistance to the Communist regime of Yugoslavia, the President must find and so report to the Congress, with his reasons therefor, first, that there has been no change in the Yugoslavian policies on the basis of which assistance under this act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union; second, that Yugoslavia is not participating in any policy or program for the Communist conquest of the world; and third, that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this act.

It is important that the President be required to set forth in advance his reasons therefor in giving assistance in any form to the Communist regime of Yugoslavia. Such action would permit American public opinion to play its proper role and Members of Congress could, if they saw fit, publicly disassociate themselves from the action contemplated by the President, before it is taken.

Tito has personally admitted that aid to his regime cannot stand the test of public scrutiny in the United States.

He blames the free press of our country for stopping military aid to his regime and calls them reactionary for keeping the American people informed of the facts.

I quote from an English translation of Tito's latest report to the Communist Party of Yugoslavia, a propaganda hand-out of the Yugoslav Information Service, mailed by them to me at my home last Friday, as follows:

However, after our visits to the Soviet Union in the summer and at the end of September 1956, and under the influence of strong propaganda on the part of the reactionary papers in the West, President Eisenhower canceled the further delivery of planes and other heavy armament to Yugoslavia while the delivery of spare parts and similar equipment continued. This did not affect us much, because already at that time we had estimated that there was no danger of aggression threatening Yugoslavia and that there would follow a period of improved relations with the Soviet Union and the

other people's democracies after the visit of the Soviet delegation to Beograd and the adoption of the Beograd Declaration.

In keeping with the recent action taken by Congress to break up the trend toward unjustified secrecy in the conduct of our public affairs, I urge that the amendment which I have offered be adopted.

Mr. BENTLEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present, a quorum.

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 3, line 3, insert "(a)" immediately after "SEC. 201." and on page 3, immediately below line 7, insert the following:

"(b) Section 143 of the Mutual Security Act of 1954, as amended, is amended to read as follows:

"SEC. 143. Termination of Aid to Yugoslavia, Poland, India, and Egypt.—No assistance shall be furnished under this act to Yugoslavia, Poland, India, and Egypt after the date of enactment of the Mutual Security Act of 1958."

Mr. VORYS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. On what ground?

Mr. VORYS. On the ground that the Committee of the Whole has just perfected with an amendment to the section which he is again attempting to amend.

The CHAIRMAN. If the gentleman will read the amendment, the amendment proposes a further perfection of the bill. It is in addition to the amendment offered by the gentleman from Ohio, which was adopted by the Committee a moment ago.

The Chair overrules the point of order.

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, according to our President, the mutual security program is intended to help friendly nations to equip and support armed forces for their own and our defense; to help underdeveloped countries strengthen their economic position so that they can maintain their freedom; and finally, to meet emergency and special needs affecting our own national security. In a word, our foreign aid program is intended primarily to protect and preserve our national interest against our foremost enemy Soviet Russia and world communism.

By and large we have given foreign aid generously—\$60 billion—but it has not always been given wisely. Nor has what seemed to be our best national interest always been served. How illogical it is to lay down a policy of anticommunism on the one hand and on the other to support a Communist state and other states which pursue policies hostile to our interests, even in some instances, clearly pro-Communist. Yet, we have done this in the past, and we continue to do it in the present.

I speak of our aid to Yugoslavia, Poland, Egypt, and India. First, let us examine the case of Yugoslavia. Since

the beginning of various aid programs, we sent about \$825 million to the Tito Government in economic aid, and since 1950, we have given the Yugoslavs more than one billion dollars in military arms and equipment. Presently, negotiations are underway for the sale of surplus farm products in fiscal 1958, involving a cost of over \$60 million. Military aid will not be considered in these negotiations or any other negotiations in the immediate future if the Yugoslavs hold to their recent policy decision of renouncing further American military assistance. For this I am grateful, because it spares me an added burden in opposing aid to Tito.

My opposition to an aid program to Yugoslavia is based upon the simple argument that Tito's government is a Communist government, thus ideologically and practically hostile to our interest; and however much aid we give Tito, we shall not change the Communist-totalitarian character of his regime, nor shall we as a nation derive any concrete benefits from it. American dollars cannot alter the deeply engrained beliefs of this Communist leader, and we would deceive ourselves if we felt otherwise. The conflict between Tito and Stalin in 1948 had drastically affected Tito's orientation in foreign affairs, but in no fundamental way did it alter his political faith. This dispute with Stalin was a personal affair, a power struggle between two dictators and not a disagreement on the tenets of Marxism-Leninism. The Yugoslav dictator has never denied the validity and truth of Communist doctrine; he only contested Stalin's alleged right to impinge upon his own domain. As Tito said not long ago:

I am a Communist, and nothing but a Communist.

His regime is a Communist regime, although some superficial compromises have been made in doctrine and it must be conceded that since 1948 Yugoslav communism has not in itself been aggressive and expansionist as in the cases of the Soviet Union and Red China. Nonetheless, a powerful ideological affinity binds Tito firmly to his Communist brethren, and given the proper circumstances he would in all probability gravitate step by step into closer comradeship with his fellow world Communist. Beyond the pale of communism Tito has thrived for almost a decade hermetically isolated in an ideologically hostile Western World. Tito has been a stranger in our midst and an uncomfortable and unfaithful one at that. Expediency has determined his policy, and doubtless even now he uses his position in the West as a bargaining point to win a preferred position among his Communist colleagues to the East.

I seriously question the argument that our aid to Tito will sustain his independence from Moscow when in fact he is by his own confession an undeviating loyalist of Communist doctrine, and if the record of last year is correct, a dedicated supporter of Soviet foreign policy. With all candor, I doubt very much if

Tito would act any differently were we to cut off all aid tomorrow.

Tito assumed an equivocal position in the Hungarian revolution, but soon after Soviet intervention, he condemned the revolution as being reactionary and anti-Communist. Yugoslavia abstained when the vote was taken in the United Nations on the Western resolution condemning Soviet intervention. However, when the final vote was taken on adopting the United Nations' report on the Hungarian revolution which had laid bare before the world Soviet perfidy and brutality, the Yugoslav delegate cast his ballot with the Soviet bloc opposing the report—the only person outside the Soviet bloc to do so.

Nor has Tito shown any more favorable disposition toward American policy in the Middle East. In the United Nations and in the general conduct of foreign relations, the Yugoslavs alined themselves persistently with the general views of the Soviet bloc, particularly in opposition to the Eisenhower Doctrine. According to Tito, it was absurd to speak of the Communist danger in the Middle East. Consequently, he has condemned the anti-Soviet Baghdad Pact and has also been a severe critic of the Eisenhower Doctrine. Yet, we witness the disturbing fact that Communist elements have leading roles in Syria and that in recent years Soviet Russia has succeeded in making serious penetrations into Egypt.

A milestone in Tito's gravitation toward Moscow came, however, with the midsummer conference with Khrushchev in Bucharest, Rumania.

The importance of this conference lies in the fact that it was a practical demonstration of Tito's convictions as stated before the American television audience that there was some difference between communism in Yugoslavia and the U. S. S. R. But, these differences "are not big, ideological differences," not "too big," he said, adding:

We have the same aim—that is to say, the building of socialism and communism.

As tangible evidence of the new rapprochement, Yugoslavia and the Soviet Union concluded an economic agreement almost simultaneously with the Tito-Khrushchev conference under the terms of which Moscow agreed to underwrite a \$250 million economic aid program in Yugoslavia for the construction of aluminum and fertilizer plans over the next 7 years. Total credits thus far granted to Yugoslavia from the Soviet bloc were said to be \$465 million. Clearly Tito has his price, and fortunately for Tito, Moscow and Washington are willing to pay the price for his dubious loyalties.

As the year 1957 wore on, Yugoslavia moved closer and closer to the general foreign policy line of the Soviet bloc. Tito's recognition of the East German Communist regime was a step of major importance in this direction, mainly because it was a dramatic demonstration of Tito's solidarity with the Soviet Government on the German question, singularly the most important issue affecting the peace and security of Europe. By recognizing the East German Republic,

Tito acknowledged the existence of two Germanys, and accordingly has struck a serious blow at the legitimacy of the West German Republic, that is to say, the legal right of the Bonn Government to claim itself to be the sole government for all Germany, not necessarily for West Germany alone. Chancellor Adenauer, apparently stunned by the Yugoslav action, countered immediately by breaking off diplomatic relations with Belgrade.

Clearly, it is illogical for us to aid a Communist nation which so brazenly subscribes to a course of action that conflicts directly with the major interests of our foreign policy. By the terms of this manifesto Tito would invite us to destroy NATO, SEATO, the Baghdad Pact, and all other alliances as well as dismantle the network of our military bases throughout the world. In a word, Tito would want us to destroy every instrument we have created since the beginning of the cold war to defend ourselves and preserve freedom throughout the world.

Mr. Chairman, I submit, is it not time for a realistic reappraisal of our aid to Yugoslavia? Has not the time come to ask ourselves: Has our aid program been successful? What has it accomplished? Has our best national interest been served? Mr. Chairman, I cannot escape the conclusion that our aid program to Tito has been a failure and that it has served only the interests of Yugoslavia, certainly not the interests of the United States.

Mr. Chairman, I wish now to turn briefly to the case of Egypt. In the postwar period up to June 1957 we gave Egypt a total of \$87,425,000 in grants and credits. Economic relations between Egypt and the United States were suspended however, after the Suez crisis in July 1956, and although in November 1957 the United States contributed \$600,000 to the Egyptian-American Rural Improvement Service in fulfillment of an agreement concluded in 1953, no aid program is in operation at the present time.

I am obliged to record my dissent, nonetheless, to any other aid to Egypt, at least as matters stand today, should any be considered in the future. Colonel Nasser, the dictator of Egypt, and now apparently the boss of the new United Arab Republic, has caused a great deal of mischief in the Middle East which certainly has opposed our best interest. His leadership in stirring up hostile feeling among the Arab world against the State of Israel has created a continuing perplexing problem in the international relations of the Middle East. Israel is a legitimate state, and has been recognized as such by non-Arab nations of the world. The effects of Nasser's work has been to create two poles of interest in the Middle East: One supported by the U. S. S. R. and hostile to the United States; the other favorable to the West and anti-Communist. As a consequence, the door has been opened wide for the expansion of Soviet influence in the Middle East. A good index to the extent of Soviet influence is the aid Moscow has thus far rendered. Through December 1957, the Soviet bloc extended a total of \$465 million in cred-

its to Egypt. It is also estimated that the Soviet bloc delivered \$250 million worth of arms and military equipment. Early in January 1958 Moscow and Cairo were about to conclude negotiations for a \$175 million aid agreement.

Soviet aid to Syria, Egypt's junior partner in the United Arab Republic, has also been considerable. Through December 1957 Syria has received \$280 million in credits from the Soviet bloc which included at least \$100 million in military arms and equipment virtually all of which has been delivered. An aid agreement concluded in October 1957 between Syria and the Soviet Union reportedly amounting to \$500 million was said to have placed the economic destiny of Syria in Soviet hands.

Moreover, it ought not be forgotten that Nasser, although not a professed Communist, has permitted the establishment of the headquarters of the pro-Soviet permanent African-Asian People's Solidarity Council in Cairo. This organization has an Egyptian at its head and Soviet and Communist Chinese representatives holding key posts in its 10-man Secretariat.

It is not difficult to see the advantages Egypt and Syria have given the Soviet Union. They have opened up the strategically important Middle East to Soviet influence and power, and by their continued support of Soviet political interests, they jeopardize the interests and security of the United States and the West.

Mr. Chairman, bearing this in mind, I would have to search far and wide to find any justification for any future aid to Egypt. I could not feel otherwise were the question of aid to Egypt to come before us again sometime in the future.

Mr. Chairman, in attempting to solve many of the economic problems facing India, the United States has given aid which in the postwar period has amounted to a total of \$499,787,000 in grants and credits. In the past I have opposed aid to India, mainly on the grounds that the Indian Government seems to have supported the Soviet and Communist Chinese line in foreign affairs. Again, I oppose aid to India partly on the same grounds. Unfortunately, Prime Minister Nehru, despite his recognized qualities of statesmanship, has never seen Red China in the proper perspective. And his persistency in advocating admission of Peiping to the United Nations and recognition by other nations has been a source of constant annoyance to many Americans. Indeed, Mr. Nehru's concept of international communism has often puzzled even his own government and Congress Party. Another point of annoyance is the gratuitous statement made by Nehru to the effect that essentially there is no difference between American occupation of Japan and the Russian occupation of Hungary. I do not wish to impute the motives of Mr. Nehru, but certainly in all candor, he does not seem to assess the world Communist movement very realistically.

Another ground upon which I base my opposition to aid for India—and I add parenthetically a more valid and realistic

ground—is the fact that India accepts foreign aid from the United States, British Commonwealth, and the Soviet bloc, while at the same time it fails to encourage Indian private enterprise and private investment from abroad, both of which, if properly encouraged, could provide a great assist to the Indian economy. The Indian economic structure has been inordinately restrained by too punctilious an attachment to Socialist dogma.

Mr. Chairman, I cannot in clear conscience aid a state whose government frustrates those forces that could give vent to the genuine desire of the Indian people for freedom and that could contribute immeasurably to the general economic welfare of the nation. Genuine democracy, freedom, social justice, and progress cannot be achieved within the structure of socialism any more than within the structure of communism. So long as India takes the path to the left I am opposed to giving further aid to speed her on the way to national ruin.

Mr. Chairman, in less than 1 year, we have generously given Poland a total of \$193 million in bank credit and agricultural surpluses. The reason for such generosity, we are told, is because Poland is in economic difficulties and needs help. But every American taxpayer wants to know why should we bail out this Communist state?

It should be obvious to the whole free world that Poland is not cannot and will not be an American ally.

As a matter of fact, it is reported that while we have extended aid to Poland, she in turn has expanded her military budget by \$90 million. Are we so naive to believe that this military expansion is intended as a protection against Russia? How ridiculous can we get in our thinking?

My conception of our national interest is not so broad that I could willfully set aside deep-seated moral convictions and encompass within my definition states that are willing servants of communistic theory and action that are dedicated to the destruction of the United States and the rest of the free world.

Mr. Chairman, in extending this mutual aid program we must clearly state to all of these countries that our help will go only to those nations which in the interests of freedom and democracy, are ready, willing, and able to participate in the common defense against the tyranny of communism. Any position short of that should and must be unacceptable.

(Mr. ANFUSO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ANFUSO. Mr. Chairman, each year at this time when Congress considers the proposed military, economic and technical-aid program for our allies and other friendly nations, we take stock of the progress made during the preceding year and the new problems that have arisen. We examine the whole premise underlying this effort of mutual assistance to our friends. We note the achievements, as well as the failures.

That is as it should be. The security of our Nation and of the free world is

closely interlocked; therefore, it is fair and just that we should from time to time review our position and the scope of our aid. There is no getting around the fact that our foreign-aid program is a costly one, but we must ask ourselves: How much more costly would it be to us without this program? And I am thinking not necessarily in terms of money alone, but in human lives, in the destruction of property and resources, in the loss of freedom and democracy.

Aggression and subversion by international communism in various parts of the world are a constant threat to the security of all free nations, and against this threat the people of the free world must be adequately protected. The American people cannot have this protection if it chooses to ignore its friends and allies and pursues a lone course in world affairs.

Many historians will agree that World War II might have been avoided if the free nations would have clearly demonstrated to Hitler, by word and deed, that his aggression would be met by the combined strength of all the countries affected. This lesson applies to the world situation today, too. We must not spare any effort to consolidate the strength of the free nations against possible Soviet aggression. In this way, we might succeed in convincing the Kremlin rulers that aggression would be futile, if not downright fatal.

Much of the responsibility for providing the necessary support for the NATO countries rests upon the United States. We must supply our European partners with certain arms and equipment in order to carry out our common defense program. We must likewise aid our friends and allies, including the uncommitted and the neutral nations, in Asia, Africa, and Latin America. Above all, let us not minimize the military burden they carry. While our military aid to them helps to spark their efforts, it should not be overlooked that they have vast military expenditures which contribute immeasurably to the strength of the free world.

In the mutual security program now before Congress, we are asked to authorize \$3.6 billion as aid to our friends and allies. Of this sum, no less than \$2.4 is earmarked for military assistance and defense support, the remainder being for economic, technical and other aid. It is generally estimated that the free world, including the United States, is currently spending about \$65 billion a year for defense purposes: the United States a little over \$44 billion, the rest of the free world close to \$21 billion. If we compare our military aid program amounting to \$2.4 billion with the \$21 billion our friends and allies spend for defense, we find that they spend nearly 9 times as much as we give them, and in some countries 12 to 15 times as much.

Let us not overlook another fact. In addition to their own military expenditures, many of these countries provide substantial manpower for the free world's defense forces, they provide military bases, including bases for some of

our newest weapons, and they also provide important raw materials and other resources. In other words, it is a two-way street from which all free nations benefit, the United States included.

How has it benefited the United States? The record of the past decade since the inception of the foreign aid is available, but I shall not go into details. Suffice it to say that beginning with the Marshall plan in 1947 and the point 4 technical aid program in 1949, the United States had made substantial gains in various parts of the world. Among these may be briefly listed the rehabilitation of postwar Europe, the economic and military strengthening of our allies in Europe and the Far East, aiding Greece to drive out the Communists from that country, weaning Yugoslavia away from Moscow's domination, strengthening Turkey and Iran against possible Soviet invasion, helping to drive communism out of Guatemala, and providing technical assistance to many underdeveloped countries to improve their educational systems, health, and standard of living.

Aside from these gains overseas, the people of America also reap more direct benefits which accrue from the foreign aid program. Here are some of these benefits:

First. A saving to the American taxpayer: Paradoxical as it may seem, the funds we spend for the foreign aid program actually constitute a saving for American taxpayers. If we did not provide this aid, the entire burden of defense would fall on our shoulders and our military expenditures would be considerably larger, which means increased taxes.

Second. Greater security: By helping to strengthen our friends and allies militarily and economically we are strengthening the defenses of the free world. We have acquired many able and loyal partners in our struggle who stand shoulder to shoulder with us. Without our aid they would be weak and would fall prey to Communist subversion or invasion. In such event, we would soon find ourselves isolated and gravely threatened.

Third. Economic gains: The foreign aid program should not be regarded as being totally a giveaway program. Of the funds appropriated for aid to other countries 80 percent remains right here in the United States where these countries use it to purchase military and other equipment, machinery, food and other essential goods. This helps to provide employment for some 600,000 American citizens and to bolster our economy.

Fourth. Building customers abroad: By helping to raise the standard of living in many of these countries abroad, through our economic and technical assistance, we are at the same time increasing their purchasing power, acquainting them with American products, building future buyers for our products, and promoting trade relations.

Fifth. Cost to each American only \$22: If we were to divide the \$3.9 billion foreign aid program by 175 million Americans, the cost of this program for each person in this country would come to about \$22. Thus, what we are doing is that for \$22 we are giving every Amer-

ican citizen an insurance policy worth at least 20 times that much in dollars and cents, but actually immeasurable in terms of security, liberty, lives saved, tears and toil.

It is estimated that nearly two-thirds of the people of the world live in the undeveloped countries of Asia, Africa, and Latin America. Perhaps the two things which most of them share in common are their poverty and their aspirations for a better life. In many of these countries today new hopes have arisen for economic growth and a better way of life. They are determined no longer to remain in perpetual poverty, but they are also determined to remain free peoples.

This situation constitutes a great challenge to the American people, as well as a wonderful opportunity to aid these peoples in their efforts and thus gain their eternal friendship and support. What is going on in many of these countries is both a social and an economic revolution—the political and economic awakening of the underdeveloped countries. We can play a very important part in the outcome of this revolution through the degree of assistance we give to these nations. It could also turn out to be a sad role with very tragic results, if we fail to give them insufficient aid or turn our backs on them completely.

Right now an ideological struggle is going on between the United States and Soviet Russia centering around the underdeveloped countries, many of which are neutral and uncommitted at this time. In some instances, Russia has used fear, propaganda and downright threats to force some of the uncommitted nations to follow the Communist pattern. More recently, Russia has undertaken an economic offensive in an effort to win the less-developed countries away from the West by extending to them long-term loans and other economic assistance. By curtailing or eliminating our aid to these nations we would actually be throwing them into the arms of Russia.

This point was clearly stressed by Secretary of State John Foster Dulles in an address last February at the White House conference on the foreign-aid program when he said:

There is a tremendous expectation among the developing peoples of the world that something is going to happen to lift them out of the morass of hopeless poverty * * * Unless something can be done about that within the free world, inevitably they will be caught in the trap of communism to their own disaster and the ultimate undoing of the United States itself.

Mr. Chairman, we cannot afford to let the free world crumble before our eyes and leaving us to stand alone. We cannot and dare not relax our vigilance and the defenses of the free world until we have seen definite and unmistakable evidences of genuinely peaceful purposes on the part of the Soviet Union, Red China and their satellites. Unfortunately, such evidences have not yet been given us. Consequently, relaxation of our efforts through the curtailment of foreign aid will only be followed by a feeling of apathy and defeatism among the nations associated with us—and that is exactly what Khrushchev & Co. would like to see.

Only by maintaining our military strength and that of our friends and allies abroad, only by making them strong enough to repel future acts of aggression and subversion, can we hope to maintain peace and security. Peace cannot be bought at bargain counters. We must pay the full amount, and perhaps a little more than expected, in toil and in taxes, in arms and assistance. No matter how we may figure it, these expenditures are still cheaper than the high cost in lives.

Mr. Chairman, let us give the foreign-aid program our full and undivided support. Let us help assure the security, the dignity, the freedom, and the peace of all mankind.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Chairman, this amendment would deny aid to some of the neutral countries. The amendment offered by the gentleman from New York specifically prohibits assistance for four countries, India, Poland, Egypt, and Yugoslavia. I certainly agree with the gentleman on Egypt.

There is no money in this bill for the fiscal year 1959 for Egypt.

Naturally the purpose of aiding the neutrals is to keep them from joining the Soviet bloc. It is much preferable to have neutrals either neutral or on our side than have them on the side of Soviet Russia. A long-range step in aid is to secure the friendship and trust of the neutral nations. These neutral nations right now are not primarily interested in anything but their independence, their fight against colonialism, and some of their domestic problems. They are not primarily concerned with the Soviet threat as we are. However, at least by helping them to remain neutral we hope that some day we will promote the start of a truly free world.

There is no money provided in this bill for Poland, not a single dime. Should circumstances develop, it would be possible under section 401 to give a limited amount of aid to Poland. Last year under this bill there was a \$30 million credit given to Poland under section 401 at the discretion of the President. This loan is repayable over a 20-year period at 4½ percent. The other aid to Poland consisted of sales of surplus agricultural commodities under Public Law 480, of \$65 million. The aid to Yugoslavia under this bill for 1959 is for technical assistance, with a small amount also under special assistance.

Let us go back to India. There is no money in this bill for India under military defense funds, there is no money in this bill for India under defense-support funds or under special-assistance funds. The only money India gets under this bill is under the technical-assistance program, about \$7,300,000 and, of course, the money we plan to make available on a loan basis from the development loan fund. That money is

in process of being made available and the papers have been signed. Otherwise, there is no money in this bill for India.

We need these neutrals and will need them very badly in future years. I ask this House to defeat the amendment.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. MILLER of Nebraska. Is there money in here for Venezuela?

Mr. MORGAN. Technical assistance?

Mr. MILLER of Nebraska. Is she a neutral country?

Mr. MORGAN. Venezuela is one of the Latin American countries allied with us under the Rio Pact.

Mr. MILLER of Nebraska. A very fine friend, who helps us out a good deal.

Mr. MORGAN. The gentleman is speaking of the Communists in Venezuela and not of the country of Venezuela.

Mr. JACKSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the amendment because I do not feel that we here in the House should or can properly enter into the matter of designating countries of which we approve or of which we disapprove. This more properly is a function of foreign-policy. The same question will probably come up during the course of this debate with respect to some of the countries of Latin America. Certainly, Latin America has been very much in the news during the past 2 weeks.

Mr. Chairman, the current good-will tour of Vice President and Mrs. Nixon into several Latin American Republics has been highlighted by mob violence and insult. The immediate reaction of any loyal American is one of anger mixed with frustration, and the natural concomitant of the emotion may be a tendency on the part some to throw up their national hands and acknowledge defeat of our efforts to assist our southern neighbors.

If I may be forgiven a personal reference, Mr. Chairman, I feel that I know the Republics to the south. For almost 12 years since I first came to the House of Representatives, I have been privileged to serve on the House Committee on Foreign Affairs and on the Subcommittee on Inter-American Affairs. I have met thousands of our neighbors between the Rio Grande and Tierra del Fuego and I believe that I can say quite sincerely that I know the Latin temperament, and understand its volatile nature. During a number of trips into all of the Republics I have made warm friendships with many of those with whom we share this continent. I have not been blinded to their shortcomings, as I am certain that they are not unaware of mine, nor those which we North Americans share as a people.

Diaper-set revolutionaries are nothing new. I have seen their bicycle brigades prowling the streets of several Latin capitals and heard their shrill imprecations hurled on many occasions. Their youth may mitigate, but it cannot excuse execrable manners. A blush of shame is diffusing the collective face of

many millions of our neighbors to the south today as a result of the unpardonable political precocity of the student mobs. It may have been this sort of thing that caused Simon Bolivar, at death's door, to say that he who tries to implant democracy in Latin America "tills the sea."

It is to the everlasting credit of Vice President and Mrs. Nixon that their manners were far better than those demonstrated by the political juvenile delinquents who insulted them and spat upon them. We can be sure that this obvious fact did not escape the attention of the vast majority of well-bred and decent citizens in those countries whose own monuments and sacred emblems were defiled by the same mobs. Patience, dignity, and the evidences of advanced human culture were never better demonstrated than by the conduct of the Nixons during the unprovoked and unconscionable attacks upon two who came in the name of friendship. One cannot but remember, Mr. Chairman, that this is not the first instance in history of men who came in the name of friendship who were reviled and spat upon by unruly mobs.

When the extended hand of friendship meets the jarring shock of the clenched fist, we sometimes wonder if our earnest efforts to offer a measure of leadership and help to a world in distress are worth the candle. In the name of reason and for the future of a civilization, I implore you to believe that they are. Violence and peaceful intent clashed at Buenos Aires, in Lima, and at Caracas this week and last, but who would say that violence and mob action emerged permanently in undisputed possession of the field. A mob is an idiot led by fools, and the world has seen evidence of that indisputable fact during recent days.

The CHAIRMAN. The time of the gentleman from California [Mr. JACKSON] has expired.

Mr. JACKSON. Mr. Chairman, I offer a preferential motion.

Mr. HOFFMAN. Will the gentleman yield for a unanimous-consent request?

Mr. JACKSON. Yes, I yield.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that the gentleman be given 5 additional minutes.

The CHAIRMAN. Is there objection?

Mr. MASON. Mr. Chairman, I object.

The CHAIRMAN. The Clerk will report the motion.

The Clerk read as follows:

Mr. JACKSON moves that the committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman from California is recognized for 5 minutes.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield.

Mr. FEIGHAN. Does the gentleman feel, as I do, that these attacks upon our Vice President and his charming wife were the implementation of a well directed plan emanating from the Kremlin, designed to discredit the United States throughout the entire world?

Mr. JACKSON. I would say there is no question about it, sir. I shall touch upon that aspect later.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield.

Mr. JUDD. I think it should be emphasized that unquestionably their design is to discredit the United States even more with the captive peoples behind the Iron Curtain than in the free world. The Communists hope to make the captive peoples believe that the United States has treated the people of the Western Hemisphere so badly that they hate the United States. If they could succeed in developing such an impression by creating these incidents and then blowing them up behind the curtain, it would help destroy the hopes of those people that the United States is an ally that can be depended upon. Nothing could be more valuable to the Communists.

Mr. JACKSON. I thank the gentleman for a keen and valid observation.

We should distinguish between student action as we North Americans understand the term, and student political activity as traditionally practiced in Latin America. Here at home there are schoolchildren and students, the latter representing the finest traditions of American education at college level. True, an occasional "panty raid" by these students may obscure the ideal vision, but in large part our "students" are not immature and beardless exponents of world revolution, pliantly molded to Communist postures by professional agitators and agents. It was suggested here yesterday that what the political diaper set in Latin America requires is a government-supervised trip to the woodshed. In addition to this these reprisals, the mewling and spitting would-be architects of a new world order should be deprived of their bicycles for a few months. Walking to revolution, especially in the rain, dampens anarchy and depresses enthusiasm when one is young.

The demonstrations were obviously well planned in advance and press reports would indicate a degree of inter-republic Communist direction. The placards, the posters, and the banners bore the hackneyed and worn hallmarks of Red strategy. Significant were the reports that insult was not confined to violence against Vice President and Mrs. Nixon, but extended to the flags of the host countries as well.

Whether or not it was wise or desirable to dispatch United States troops to Guantanamo Bay is debatable. Certainly, nothing would give the global Communist conspiracy greater pleasure or a greater measure of victory than the landing of American marines on the soil of a Latin republic today. At the same time it is well to indicate beyond question that the person of a Vice President of the United States is public property in this country and that we intend to take whatever action is necessary to protect this symbol of our common interests. Who seeks to make capital of the prompt action of the President in putting forces in a state of readiness does a signal disservice to our country and loads a prop-

aganda weapon for the foes of freedom. It was made crystal clear by the President that no intention to use military forces unless and until the country in which Vice President and Mrs. Nixon were guests indicated its own inability to insure their safety. Is there any Member, Mr. Chairman, who would suggest that they be turned over to mob violence in that event. I am sure that the most partisan in another great political party would not advocate such a completely cowardly course of national action.

Official apologies have been tendered the United States for the unfortunate incidents and I am confident that Vice President Nixon, himself, would not suggest further representations at this time.

What of the tomorrows to come, Mr. Chairman? There are those, caught up in the folds of anger and indignity, who would retaliate against Latin America and its millions by withdrawing the hand of friendship which a few have struck down. Again, the slow and patient work of decades would be the only casualty. Patience is indeed a virtue, not only when things are working out as we would have them, but in times of peril and stress. I think that it is not too much to say that there is sincere regret in every capital of Latin America over the treatment accorded the Vice President of the United States, and that the heaviest hearts in the hemisphere do not beat in the breasts of Dick and Pat Nixon but in those of thousands of sincere friends throughout the several republics, who hold hospitality and courtesy to visitors within their homes as their most cherished traditions. A few rude brats, who should be spanked, are totally and completely unimportant in the overall assessment of our relationships with our southern neighbors. Our national posture at this moment and the manner in which we, as a people, view the events of the past few days and react to them will be reflected through the Western World as on a powerful radar screen.

The Marxists resent dignity, tolerance, and peaceful intent, and those who whipped immature minds to frenzy in Argentina, Peru, and Venezuela want violent reaction on our part to the indignities they formulated and implemented. Broken automobile windows and defiled monuments are the outward expressions of their twisted and tortured minds and of the order of turmoil of which they are the agents. Whether the police turned guns on the student demonstrators was of little moment to the professionals, many of whom unquestionably obtained their training in the tactics of mob violence at Bogotá and Guatemala City. Their goal is dissension in the Americas and throughout the world and we should bear this demonstrated fact in mind as we proceed with our debate today. The waving banners and posters in the hands of hockey-playing adolescents should not be permitted to obscure the ultimate stakes for which we play—the establishment and maintenance of a family of nations in the Western World rule by law and a mutual regard for mutual responsibilities.

For one, I am proud to belong to a Nation that produces men and women like Dick and Pat Nixon—men and women whose graciousness is more than skin deep—whose dignity goes to the very depths of their beings, and who can grin at an oncoming tomato or rock. It is no big job to break a window. I have a 5-year-old son who can do it with little effort. But it takes real courage to face a mob—to urge it to reason—to do the things which the Vice President of the United States and his wife have done for the past 2 weeks.

Reprisals are easy to take. We can take them now in the bill under discussion. I hope that we will not evidence before the world that degree of shortsighted folly.

The Latin Republics concerned can and should move to clean out the Red cesspools which overflowed last week. Political liberty is one thing; professional agitation that leads to mob violence is quite another. There is a coordinated and well-integrated Communist conspiracy at work in all of the Republics, and the incidents of the past 10 days indicate but one facet of the operations.

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the preferential motion.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. HAYS of Ohio. Mr. Chairman, obviously I am opposed to striking out the enacting clause, but I find nothing that has been said by my colleague on the Foreign Affairs Committee, the gentleman from California, with which I can disagree.

Certainly we have the obligation to protect any American official from mob violence; and, certainly, we have to exercise that obligation in the best way we can under the circumstances.

There are just a couple of things, however, I think the State Department ought to do further which would mitigate the opportunity for the Communists to exploit the situation as they find it. I am holding no brief for anybody in Venezuela for what they did, but I think it would be in order if the State Department would boot out of the United States the dictator who was overthrown in Venezuela, Perez Jimenez, who caused I do not know the exact number but quite a few Venezuelans to be shot, tortured, and imprisoned without trial. I think we would then have removed one of the best excuses for Communist propaganda, the best reason they have to propagandize against the United States all over the world when they use this man as a symbol that we believe in upholding dictatorship.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Connecticut.

Mr. MORANO. I agree with what the gentleman says that something should be done to get this dictator out of our country; but, of course, as the gentleman knows, the Government of Venezuela under an agreement with us have the right to ask for his extradition to Venezuela. If those papers are filed I think such action should be taken.

Mr. HAYS of Ohio. I agree with what the gentleman says and I want to go further and say another thing. I have never been one of those who have come down to the well of the House and reviled any government or any nation, and I do not intend to, but I think another thing that would be helpful would be for the man who is currently running the Dominican Republic to take his son back to the Dominican Republic and make him quit handing out \$17,000 fur coats and \$10,000 automobiles as a sort of reverse lend-lease to movie stars. That would be helpful to our foreign relations.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. MORANO. I agree with the gentleman that young Trujillo should be taken back to the Dominican Republic and his father, after giving him a good spanking, should teach him a little bit about good old Yankee thrift such as we practice up in Connecticut and teach him not to spend that amount of money wastefully and extravagantly on Mercedes-Benz automobiles and chinchilla coats.

Mr. HAYS of Ohio. I thank the gentleman for his contribution.

Mr. Chairman, I want to say one thing more before I yield. I have been trying since the 23d day of April to get an answer from the State Department about who made the decision to give some foreign aid to the Dominican Republic in the first place, and I cannot even find out who made the decision. But, again I say publicly, as I said privately, not knowing that it was going to be published, that this kind of stupidity on the part of this young man in giving out these lavish gifts, when it is well known that his country is the recipient of foreign aid, makes it difficult for any Member of this Congress to uphold the program, because this kind of thing is seized upon by the newspapers generally, and the people believe that all foreign aid is used in this inane and extravagant way.

Mr. MORANO. I believe the aid we give the Dominican Republic is mostly technical assistance aid, and I believe we should not punish the people of the Dominican Republic who are trying to uplift their standard of living. We should be careful about punishing the people of the Dominican Republic.

Mr. HAYS of Ohio. I agree with the gentleman, but I still say that the Dominican Republic ought to do something to alleviate this situation, so that we do not have to have in this country the kind of newspaper publicity that is harmful to the program.

Mr. MORANO. He should get his son back and teach him the facts of life.

Mr. HAYS of Ohio. I agree with the gentleman.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentlewoman from New York.

Mrs. KELLY of New York. This morning I introduced a resolution expressing the sense of the House of Representatives on improving and strengthening the relationship, policies, and progress be-

tween the United States and Latin America.

My resolution is only a first step in improving United States relations with our sister republics to the south. Surely, we cannot ignore the dangerous situation which exists in Latin America. This is a resolution which I feel should have immediate consideration and will have favorable reactions throughout the Western hemisphere. Whatever the administration may do about it, at least it will demonstrate that the people of the United States, speaking through the United States Congress, do not intend to sit idly by in the face of grave danger vitally affecting the welfare of our own hemisphere.

Although it seems clearly established that the ill feeling recently expressed against Vice President Nixon in Latin America is part of an organized Communist scheme, I believe that it cannot be written off simply as Communist inspired.

The United States has neglected being a good partner. The United States has been preoccupied with cold wars in other parts of the world.

Latin America is on the threshold of imminent and radical reforms. It is urgent that the United States exert effective guidance so that these reforms will improve the lot of the people rather than the stature of the Communist party in Latin America.

The economic, cultural, and political influence of the United States in Latin America is an evident fact. The feeling of mistrust on the part of Latin Americans toward the United States exists.

However erroneous and prejudicial it may be, the misunderstanding of the people of the United States about the Latin Americans and the Latin Americans misunderstanding about us may be partly our fault. We have failed to show them in a tangible way what we are and that we mean what we say when we exclaim about being good neighbors and good partners.

One of the greatest irritants is the complacency with which we seem to regard them in the mutual-security program. To illustrate the neglect of Latin America by the United States as evidenced in the mutual-security program, one need only compare the foreign assistance figures for Latin America with those of just one country in Europe. The amount for total assistance to Latin America this year is about one-half the amount listed in the mutual security bill for undelivered war materials to Yugoslavia.

At this point I wish to compliment our former colleague, Hon. Thomas J. Dodd, of Connecticut, for emphasizing to the House Foreign Affairs Committee the urgent necessity for paying more attention to Latin America. On March 6, 2 months before the anti-Nixon and anti-United States demonstrations in Lima, Peru, Mr. Dodd in his testimony before the committee prophetically stated:

It is essential that there be created within the executive branch of our Government a deeper consciousness of the importance of this area, not only to the United States but

to the whole free world, coupled with plans and programs of assistance to Latin America which will meet at least the minimum needs of the 184 million people of Latin America. This is an area seething with a tremendous urge to improve its social and economic conditions, with a population that has since World War II been rising about 2.3 percent a year. People want to be free of disease and hunger. People want to house, clothe, and educate their children. People want medical and hospital facilities. People want means of communication.

Latin America is a giant which is beginning to stir. How it stirs and to what it stirs depends largely upon United States foreign policy, policy translated into programs that will fit the various needs of the people of Latin America, rather than a policy which takes them for granted.

While serving on this committee and while listening to the various presentations made by the executive branch on the mutual-security program, I was impressed with the fact that Latin America was an area which was always treated last by the executive branch. It was always treated, as indeed it is treated this year by the executive branch, as the "also ran" of areas. There has been a certain condescension about the area—a certain attitude of "Well, they will go along with us anyway."

We must remember this: Even if we should have successful policies toward the Far East, even if we should have successful policies toward Europe, even if we should have successful policies in other parts of the world, if we do not develop and maintain successful policies toward Latin America, the other policies would be meaningless and ineffective. It is abject folly to try to build up a free world without a strong and free Latin America. It is abject folly to hold the line against communism in Europe only to yield it to the Communists in Latin America, or to the Far East for that matter, as we seem to be doing.

I would respectfully urge, therefore, that there be an end to programs of complacent cooperation. I would suggest that there must be developed a bold stroke of leadership that will catch the imagination and kindle the hope of the people of Latin America.

In his testimony, Mr. Dobb further recommended that the deep interest of the United States, in improving and strengthening our relations with Latin America be highlighted in the mutual security bill itself through the adoption by the Congress of language calling upon the administration to mobilize its energy and resources toward the betterment of United States-Latin American relations.

The CHAIRMAN. The question is on the preferential motion.

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

The question was taken; and on a division (demanded by Mr. FINO) there were—ayes 4, noes 53.

So the amendment was rejected.

Mr. FINO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred ten Members are present, a quorum.

The clerk will read.

The clerk read as follows:

DEVELOPMENT LOAN FUND

SEC. 202. Title II of the chapter designated by paragraph (2) of section 501 of this act

as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the 'Development Loan Fund' (hereinafter referred to in this title as the 'Fund') which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate."

(2) In subsection (b), strike out all preceding "is hereby" in the first sentence and substitute "The Fund"; strike out "he" in the first sentence and substitute "it"; strike out "and (3)" in the first sentence and substitute "(3)"; insert before the period at the end of the first sentence ", and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved"; strike out "from" in the second sentence and substitute "by"; insert after the third sentence "The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund."; and strike out the last two sentences and substitute the following new sentence: "The President's semiannual reports to the Congress on operations under this act, as provided for in section 534 of this act, shall include detailed information on the implementation of this title."

(b) Amend section 204, which relates to fiscal provisions, as follows:

(1) In subsection (b), substitute "Fund" for "President" in the first sentence and strike out "against the Fund" in that sentence; change "authorized" to "made available" in the second sentence; and insert "assets of the" before "Fund" in the third sentence.

(2) Strike out subsection (c) and substitute the following:

"(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended."

(c) Amend section 205, which relates to powers and authorities, as follows:

(1) Insert "management" before "powers" in the heading of the section.

(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the 'Board') consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies

in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

"(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and 3 other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law."

(3) In subsection (c):

(i) Strike out all in the first sentence preceding "enter into" and substitute "The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may";

(ii) Strike out "may be deemed" in the first clause of the first sentence and substitute "it may deem";

(iii) Strike out "under this title" in the fourth clause of the first sentence and substitute "of the Fund";

(iv) Strike out "the Manager of" in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

(v) Insert after the seventh clause of the first sentence, following "collection," the following: "adopt, alter, and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents, and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne, or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under

the same conditions as the executive departments of the Federal Government;";

(vi) Strike out all following "operation" in the last clause of the first sentence and substitute "or in carrying out any function."

(vii) Insert the following new sentence after the first sentence of the subsection: "Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316)."

(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay, or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that act) paid to the employees of the Fund covered by that act, the percent rate determined annually by the Civil Service Commission to be the excess of the total normal cost percent rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"(e) The assets of the Development Loan Fund on the date of entry into force of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of entry into force of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this act. A person serving as Manager of the Development Loan Fund as of the date of entry into force of the Mutual Security Act of 1958 shall not, by reason of the entry into force of that act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this act."

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 4, immediately below line 24, insert the following:

"(3) Add a new section 202 (c) as follows:

"(c) (1) No part of any loan hereafter made out of amounts available to the Fund (other than foreign currencies) may be used for the purchase of commodities, materials, or supplies not mined, produced, or manufactured inside the United States where the delivered price of such commodities, materials or supplies exceeds 15 percent of the delivered price of the same or substantially identical commodities, materials or supplies mined, produced, or manufactured inside the United States, unless such commodities, materials, or supplies mined, produced, or man-

ufactured inside the United States are not reasonably available. Before any loan is made by the Fund, the Fund shall have received satisfactory assurances that the requirements of the preceding sentence will be complied with.

"(2) This subsection shall not prohibit the use of all or any part of a loan for the purchase of commodities, materials, or supplies not mined, produced, or manufactured in the United States for use in the construction, modernization, or repair of facilities for the mining, processing, or production of strategic materials as to which the President has determined that the United States is deficient if such facilities are intended, in whole or in part, for furnishing such strategic materials to the United States."

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.

Mr. BENTLEY. Mr. Chairman, I think I can explain the amendment in less time than it took the Clerk to read it. Very briefly, it provides that the dollars loaned to a foreign government or to individuals under the provisions of title II, the Development Loan Fund, would have to be spent inside the United States, unless the delivered price of these commodities for the purchase of which the loan funds would be used exceeds 15 percent of a delivered price from foreign sources, unless these commodities are not available. It makes an exception with respect to dollar loans which are used for the mining, processing or production of strategic materials outside the United States.

Mr. Chairman, last week the House passed legislation providing a further authorization for the Export-Import Bank. I would like to call the attention of the committee to the fact that it is the policy of the Export-Import Bank, as was stated at that time on the floor of the House, that the proceeds of the loans be spent inside the United States.

That policy, Mr. Chairman, is based on the statute of the bank which states that it is the purpose of the bank to facilitate and encourage the export of the United States products. Its official policy is that the proceeds of an Export-Import Bank loan have to be spent in the United States.

The whole purpose of my amendment is to extend that policy to loans from the Development Loan Fund, unless otherwise justified, by reason of a very wide price differential, by an excess of 15 percent or where there is a question of producing strategic materials outside of the United States which this country needs, according to a certification by the President. I believe it is entirely appropriate and in order to require that where we lend dollars—not foreign currencies but dollars—out of the Development Loan Fund to foreign governments, corporations, or individuals, we should require the recipients of those dollar loans to spend that money in the first instance in the United States.

I know that, of course, there will be members of the committee who will say that all of the dollars eventually get back to the United States, but my point, and I am making this at this particular time with reference to the present economic situation of this country, is that it

would be very easy to think of a great many cases where the dollars that would be spent abroad would not return to the United States for perhaps a good many years.

I believe the amendment providing that they be spent in the first instance here in the United States is entirely justified.

To sum it up, it is merely an extension of a policy which is already adopted by the Export-Import Bank for dollar loans under the Development Loan Fund.

I think that sums up the amendment pretty well. Unless there are some questions about the amendment, Mr. Chairman, I yield back the balance of my time.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, you remember the old saying, "Fear the Greeks bearing gifts." The gentleman from Michigan, my dear friend, is, of course, against the whole bill, the whole Development Loan Fund, and everything else in here, so that those who are for it may be rather suspicious of his efforts to improve it.

I have here at the committee table a list of proposals pending before the Development Loan Fund. I am not permitted to mention the countries involved, but any Member of the House is welcome to look over this list.

Let us just look at the kind of projects that are pending:

A highway development for a country, \$900,000.

An irrigation and land development project for a country, \$1,600,000.

A suburban railroad, an interurban, for a country. That would be \$750,000.

A cement plant, \$3 million.

A highway development project.

An industrial development bank in a country, \$10 millions.

A water and sewage system in a city.

These are all from different countries. Hardly any one of these would go forward if this amendment were adopted because of course there is a lot of material involved in every one of these. These are a few that are now pending for consideration. There is hardly any one of them that could withstand the impact if this "Buy American" amendment were put in the bill.

Let us remember what this Development Loan Fund is about. The Communist threat is not only military but economic. Khrushchev boasts that he is going to destroy the United States not with the ICBM but with Soviet production. The underdeveloped countries need more than technical advice. They are getting that from us and the Russians, 2,000 Russian technicians. These countries need capital. The Communists are willing to furnish that capital. We have warned these countries that when they receive gifts from the Communists they had better look out that the danger would be that penetration and infiltration would follow any project financed by the Soviets.

But these countries say, "We have to proceed with our development, our fight against hunger, against disease, against poverty. Where can we get the money?" This Fund is to help these countries move

ahead with their development as independent countries not subject to Soviet penetration. Now, that is what this is about. While I would suspect that overall, 80 percent of the dollars would, in the first place, be spent in this country, yet, certainly, the projects I have mentioned show that to clamp down on them as is done in this amendment would hamstring the operation of this Development Loan Fund. I urge that the amendment be defeated.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, our very dear colleague, the gentleman from Ohio, adopted a new course yesterday and the day before for which many of us are extremely grateful. He yielded time to the opposition. I appreciate that time that he gave me. If I understand this correctly, he stated that the gentleman from Michigan [Mr. BENTLEY] was against this bill and, therefore, every amendment the gentleman offered was an attempt to destroy the bill. I beg leave to disagree. That is not quite a fair conclusion. It is just possible that the gentleman from Michigan [Mr. BENTLEY] and some of the rest of us, having to take this bill, would like to make it as good a bill as is possible. Do you not think so? Frankly, do you not think the amendment was offered in good faith? Why, sure.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. VORYS. Of course, I feel the amendment was offered in good faith.

Mr. HOFFMAN. Why, sure.

Mr. VORYS. Of course, the point the gentleman makes is proper.

Mr. HOFFMAN. And it is an attempt to make the bill better, like, you know, when you were young you always liked a sweet coating on a bitter dose of medicine if you could get it instead of something bitter—we all do. Now, look at this, statement the gentleman from Ohio [Mr. Vorys] read from showing how some of the money will be spent and I will put it in the RECORD if he does not—without the names, of course, as the gentleman requested. Some are marked "classified."

Here is the way some of the money is to be spent.

In India, for road transport, jute industry, cement industries, and railway program, \$75 million, with \$51,650,000 still under consideration.

In other countries, classified.

Highway, \$900,000; irrigation and land development, \$1,600,000; Colombo Suburban Railroad, \$750,000; Asia Cement Corporation, \$3 million; railroad administration, \$3,200,000; highway development, \$5 million; roads, \$2,500,000; development, \$15 million; PICIC, \$4,200,000; water and sewage, \$5,500,000; industrial development bank, \$10 million.

Other proposals under consideration, total, \$1,607,434,000.

Dam construction, \$17,500,000; grain storage, \$2,500,000; municipal works, \$5

million; other proposals under review and on hand, \$1,582,434,000.

Total, loans approved and under consideration and on hand, \$1,734,084,000.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes, certainly; I am happy to yield.

Mr. BENTLEY. I would like to thank my friend from Michigan and point out that I am not saying this money should not be spent, but I am saying that where loans for the purpose of constructing these wonderful projects are going to be made, I think it is only reasonable that the dollars should be spent here in this country. And if it is wrong to have a "Buy American" concept, then I am guilty of that wrong.

Mr. HOFFMAN. That is my opinion but I will go one step further. I say if you are going to spend that amount and as long as our people here at home need similar improvements, why not spend it here? Why build a cement plant abroad when we need one here for our highway development? Here for highway development you have an item \$5 million.

Here is something about sewerage. Do you remember when we had a bill here to aid our own cities with sewage plants? It would be an exaggeration to say you could walk on some of those rivers because of the sewage and the pollution. They are slate colored. I recall a summer ago when it was warm and the gas from the Kalamazoo came up and discolored the paint on the houses in my hometown. Do we have money to correct all the evils in our own country? No; we are going to send it over there to take care of their sewage problem. Seemingly of all the complaints they have. I am sorry that the gentleman will not be a candidate this fall, and chooses not to be a Member of the House next year, but I hope that when he gets back home, and I am sure he will, he will look around and maybe discover that the people would like to have their own dollars spent here in this country and for the things which they need before we do so much for others. Sometimes it is best to permit people to help themselves. A great deal was said this morning, and very well said, of what happened the last few days in South America. We know the history of those people. We know their characteristics. It was just as certain as day follows night that if we sent someone down there there would be trouble. The only difference is, instead of shooting each other and stoning each other and raising hob with their neighbors, they turn on somebody who comes in from the outside. I learned a long time ago when I tried to settle a family dispute that it was advisable to stay out of my neighbor's disputes. It has been that way in the past and it will be that way in the future. I hope after the gentleman from Ohio [Mr. Vorys] has visited at home for a year or 2 he will learn what the folks at home want and then come back and try to give it to them.

It is somewhat difficult to see either the necessity or the wisdom of adding to our national debt, increasing taxes here

to help people who might well be better off if they depended a little more on their own efforts.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY), there were—ayes 34, noes 58.

So the amendment was rejected.

Mr. GARY. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GARY: On page 6, line 17, before the period insert: "but said corporation shall not borrow any funds from any source without the express legislative permission of the Congress."

Mr. GARY. Mr. Chairman, I am not disturbed about the amounts in this bill, because they are not final. After this bill has been acted upon by both the House and the Senate, there has to be an appropriation bill. At that time the amounts will be reconsidered. On questions of policy, however, this bill is final, and it is very important that questions of policy be properly determined in this bill.

Frankly, I am disturbed by a recent tendency in the Congress to take certain appropriations from under the control of the Congress. I think it is a very dangerous principle. Once you give the bureaucrats the right to determine how much money they shall spend, without any control whatever on the part of the Congress, you will find that we will have lost our best weapon of control over our democratic form of Government. We are being importuned almost daily to set up special funds over which the Congress will not exercise control. We did that in the highway fund. Frankly, I voted against the highway bill just on that account. We have done it in certain other cases. Last year we were asked to set up this Development Loan Fund as a special fund. Frankly, I could see some advantages in the proposal and I could also see some objections to it. They also asked us at that time to authorize the fund to borrow large amounts of money from the Treasury. That would have taken the expenditure of these borrowed funds entirely from under the control of Congress. I am glad to say the Congress refused to grant that authority.

This year they come back and ask that we incorporate this development loan fund. Frankly I can see some advantages in that; I can also see some objections to it. I am not going to oppose at this time the incorporation of the fund, but I do want to make it perfectly plain that this corporation will not have the authority to borrow money without the express authorization of the Congress.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Can they borrow money from the Export-Import Bank

whose capital we increased by \$2 billion a week or 10 days ago?

Mr. GARY. I will say to the gentleman it is claimed that this corporation would not have authority to borrow money, but I refer you to one section of the bill which reads as follows:

The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the fund.

If that does not give it the right to borrow I would like to know what it means.

If they do not have any right to borrow, then my amendment will have no effect. It certainly cannot do any harm. But by expressly stating in the bill that the Corporation shall not borrow any funds from any source without the express legislative permission of Congress, we have certainly tied it up. My amendment will clarify any doubt as to what the proponents of the bill admit is the intent of the Congress.

I trust it will be the pleasure of the House to adopt the amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Minnesota.

Mr. JUDD. In the case of other Government corporations, for example, Commodity Credit Corporation; is it the gentleman's understanding that such corporations can borrow funds without specific authorization of Congress?

Mr. GARY. I will say to the gentleman that one of the fundamental powers of a corporation is to borrow money. To what extent that applies to Government corporations seems to be doubtful. This, of course, is a Government-owned corporation.

Mr. JUDD. I am, of course, in agreement with the purpose of the gentleman's amendment. It was my purpose merely to say that I understood this new corporation would have no more authority to borrow funds than other Government corporations have, the Commodity Credit Corporation, for example.

Mr. GARY. I read the language in this bill which says the Fund may incur obligations. Borrowing is the creation of an obligation.

Mr. JUDD. The gentleman thinks that gives the Development Loan Fund authority outside of the regular powers of Government corporations under basic law?

Mr. GARY. Yes; I do.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope my friend from Virginia will notice that I did not seek recognition in opposition to his amendment. I wanted to hear his explanation of it and did not want to take up any of his time by interrupting him to say that, I have no objection to his amendment. I wish, however, to point out that in the past 24 hours I have talked with my dear friends the gentleman from Virginia and the gentleman from New York [Mr. TABER], about this matter, and the very language which the gentleman from Virginia read to us, in my judgment, already does exactly what his amendment would do; that is, make it crystal clear that this corporation is not going to have any au-

thority to borrow money or to obligate or to get hold of any assets except what Congress appropriates under section 203. I want to read the statement of the legal counsel of the Development Loan Fund which has been expressly confirmed by the Bureau of the Budget. I quote:

The Development Loan Fund does not now have borrowing authority under existing law, and establishing the Development Loan Fund as a Government corporation will definitely not have the effect of giving the fund borrowing authority.

That is the opinion of counsel on the law the way it is, and the bill the way it is. Since the gentleman from Virginia, and the gentleman from New York, and I, and I think the members of our committee, have the same purpose in mind, that they shall not have any power to borrow money that is not provided by legislation, I am happy to accept the amendment.

Mr. MORGAN. Mr. Chairman, the committee has no objection to the amendment, and we accept it.

Mr. PASSMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to make a few brief observations on the Development Loan Fund in a general way. I do not think the executive department will know what to do with this legislation even if the Congress should give it to them. Last year the President said substantially this: "We want \$2 billion; \$500 million cash and the right to borrow three-quarters of a billion for 2 successive years." But the Congress, in its wisdom, appropriated only \$300 million. So far they have not spent a dime of the \$300 million. However, they say they believe that by June 30 they will have succeeded in making loans totaling \$126 million. This means, in effect, that \$174 million of the money appropriated last year will be carried over for obligation in the next fiscal year.

In addition to that fact, the statement has been made before the Committee on Appropriations that in effect this is not really a loan, in the usual meaning of a loan; that you can consider this matter only when the Export-Import Bank says, "We want no part of it"; the World Bank says, "We want no part of it"; the private lenders say, "We want no part of it." Anything that is completely unacceptable on a sound basis, then it goes into what they call the development loan program. Those facts will be brought out in detail at a subsequent date.

Remember that this program looks so easy to so many countries. Forty-five nations now have their hands in the pot with applications to get some of this free money. Now, you know that this is repayable in the currency of the recipient country. We can at no time spend that currency in any other country than the country to which the loan was made, and we can only spend it for such commodities that country cannot put into export; only for goods which they have that will not have any effect on the world market.

You and I know that this does not constitute a loan in any respect, and there is no way to try to twist the law to make it appear that it is actually a loan. All you need to do for corroboration is to refer to last year's hearings and take the

facts from the actual record, regardless of what you may think of this particular bill. When the appropriation bill is presented to you for consideration, we are going to give you direct quotes from the witnesses that this is not actually a loan. It is grant aid and nothing else, and we should admit it.

Furthermore, do you realize that at present we are already in possession of almost \$2 billion in foreign currencies? This was suggested in our committee: "Why do you not go to the Committee on Foreign Affairs, get them to authorize formation of a corporation, then take the \$2 billion that we now have in these soft currencies and use for the same purposes for which you are requesting this legislation?"

I have deep feelings about such matters as this. I think it is an attempt to put something unreasonable over on the American people, to call such a transaction a loan, when in reality it is not a loan. When I come before the committee with the appropriation bill, I am going to point out the facts in full detail.

Mr. TABER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am simply rising because I feel that I should call the attention of the House to just what language is involved and why this amendment has come to be offered.

On page 65 of the committee report, in the third paragraph, there is contained the language of the bill insofar as it relates to this development-loan authorization.

That paragraph (b) says this:

The fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the fund.

If that language does not permit the borrowing of money—I do not believe you could find a lawyer in active practice who would say that.

Because I feel that it is necessary that we keep this bill clean so that it will not permit something that it is not the intention of the Congress to authorize, I feel we should adopt this amendment. That is why, I am sure, the gentleman from Virginia [Mr. GARY] has offered the amendment.

Whatever there is in line of justification before the Committee on Appropriations when the time comes will have that committee's most earnest consideration and we will have to support our position, whatever it is, by clear testimony that we can go by, and that testimony will be down to the date of the hearings that we shall complete. I am sure that it will be given every fair consideration. At the same time, I do not like to see something in here that in my opinion would permit the borrowing of \$925 million in addition to what has been provided in the bill as it is before the Congress.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. VORYS. As the gentleman knows, I think the language in the present act is better than the amendment offered by the gentleman from Virginia [Mr. GARY] for accomplishing this purpose; but is

the gentleman from New York completely satisfied with the amendment in its present form?

Mr. TABER. I am satisfied with it; yes. I believe it will prevent the borrowing of money by the corporation.

Mr. VORYS. Then we are all for this amendment.

Mr. TABER. Fine.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. GARY].

The amendment was agreed to.

The Clerk read as follows:

TECHNICAL COOPERATION

SEC. 203. Title III of the chapter designated by paragraph (2) of section 501 of this act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$151,900,000" and insert in lieu thereof "\$150 million for use beginning in the fiscal year 1959."

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Insert "and related programs" after "cooperation" in the heading of the section; insert "and this act" after "title" in the first sentence; and insert "and related" after "cooperation" in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations expanded program of technical assistance, strike out "\$15,500,000" and "1958" and substitute "\$20,000,000" and "1959", respectively; insert "and such related fund as may hereafter be established" after "Assistance"; and in the proviso change "to this program" to "for such purpose" and after the word "contributed" the first time it appears, strike the remainder of the subsection and insert "for such purpose and for each succeeding calendar year as much as but not to exceed 40 percent of the total amount contributed for such purpose for that year."

(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1958" and substitute "1959."

(c) Amend section 308, which relates to the International Development Advisory Board, as follows:

(1) In the first sentence, strike out "such other officer as he may designate to administer this title"; insert before "with respect to" the phrase "appropriate officers administering nonmilitary assistance"; insert after "operation of" the phrase "the Development Loan Fund and"; and, strike out "title II."

(2) In the third sentence, insert after "groups interested in the" the phrase "Development Loan Fund and above-mentioned"; insert "science," before "and education"; and insert after "education" the phrase "and may be assisted by advisory committees representing such groups."

Mr. BALDWIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BALDWIN: On page 11, line 13, strike out all of line 13 and insert in lieu thereof the following: "\$148,200,000 for use beginning in the fiscal year 1959, provided that none of these funds shall be used in or for Yugoslavia."

Mr. BALDWIN. Mr. Chairman, this is the only section of the bill in which there are funds clearly identified for Yugoslavia. The committee report indicates that the sum of \$1,800,000 is to be applied to Yugoslavia. My amendment

simply takes that \$1,800,000 out of the bill and leaves the remaining sum of \$148,200,000 in for technical assistance to other countries.

There may be some dispute at present as to the status of Yugoslavia. We have seen some articles in the newspapers in recent weeks which indicate there is increasing friction between Yugoslavia and Russia. However, we have had a rather unsatisfactory experience in recent years as to the status of Yugoslavia. Sometimes we think they are with the West, sometimes we think they are with the other nations behind the Iron Curtain. But basically they are a Communist country, they are controlled by a Communist government. I do not believe the people of this country feel that we should provide money, money raised in taxes from our taxpayers, to a Communist country. So the purpose of this amendment is to delete from the bill these funds that would otherwise go to a Communist country. I hope the amendment will receive the favorable consideration of this body.

Mr. JUDD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have consistently opposed military aid to the Government of Yugoslavia for the reasons just eloquently explained by our colleague from California. But concrete help to improve the lives of the people of Yugoslavia is a different matter. I believe that the best hope of our own country to avoid an ultimate showdown, perhaps atomic war with the Communist world, lies in the people behind the Iron Curtain.

This amendment strikes out the one program that above all others helps people—the people who need it most. Our military assistance has helped build up the dictator and some of our commodity programs doubtless have also; but I would think long and hard before I would strike out a technical assistance program of this sort, which gets down to the grassroots where we know the fire of freedom burns high in the hearts of the Yugoslav people.

It seems to me that to adopt this amendment would serve notice on the people of Yugoslavia that they are being abandoned and would serve to build up the dictator rather than cut him down.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Michigan.

Mr. BENTLEY. May I ask my friend from Minnesota this: If this program is so important to the people of Yugoslavia, and I agree that it probably is, then why in the presentation books is the entire purpose, the objectives, the details of the program, classified for both the American people and the Yugoslav people themselves?

Mr. JUDD. Neither the gentleman nor I did the classifying. Any Member can come here to the table and read what is said in the books. Personally I do not see any reason why most of the information should not be declassified,

but the gentleman and I do not have the decision on that.

I just want us to stop and think twice before we take an action here today that will cut out the one program that gives most aid to the common people who are the free world's best hope for ultimate unrest and resistance from within that will weaken and pull down the tyrants if we do not abandon those whom the tyrants oppress. I hope the amendment will be defeated.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the amendment. I had, I believe, the first amendment to the Marshall plan to limit military aid for Yugoslavia. I have had amendments often, and have been opposed right through the years to giving Yugoslavia any kind of weapons system which could be used to interdict or block our United States retaliatory Air Forces or that would have an effective part in a general type of possible world war III. However, I do feel after visiting Yugoslavia last year, that the older type of equipment, the post-World War II type of equipment that could be used for defense of the country in their local mountain areas, would protect the people of Yugoslavia against an onslaught from anyone of her neighbors if that should be done.

The United States Ambassador to Yugoslavia, James Riddleberger, and his good wife Aemilie, now representing the United States in Athens, when I was in Europe last year, invited me to Yugoslavia because he said that I had had some misunderstanding of the local situation. I must say I did have. I favor this kind of aid which is civilian technical aid for the ordinary people of Yugoslavia because the people of Yugoslavia have maintained an independent position so far. If I could have the attention of the House for just a minute, I would like to point out that since 1952, the people of Yugoslavia have voluntarily caused the abandonment of 85 percent of the total collective farms in the country and gone back to private agriculture. That is the people acting on their own against the stated policy of the government.

Secondly, the people of Yugoslavia much to their credit have actively opened their churches. They are a great Catholic country. I am a Presbyterian, but I could not help admiring them when I saw them gathering in the churches even though many of the top church leaders are yet in prison and there has been the action by the government against various church people. That means that the people of Yugoslavia are gradually broadening their base of government and their rights. I hope sometime they will be able to have a free and democratic government just as we have. I do not think we in the United States should use starvation or the lack of food as a weapon of our foreign policy, therefore, I favor feeding these families and children when we have such huge surpluses that are rotting and are unsalable and unusable here. We can help these fine

Yugoslav people on technical assistance. We can show them what our methods of good agriculture are, because in many of these Yugoslav towns and villages, they still have the hogs in the streets and pools in the mud, and they have the ducks nad geese wandering around every place without even the most elementary sanitation.

We, in the United States, have a duty in this world to be good citizens of the world. We have a duty to stand up for people who are under hard living conditions and repressions to try to help them. Therefore, when the people of Yugoslavia have made such progress in agriculture and in their religion, yes, and they are making progress in other fields, I think we should help them. I agree with Dr. Judd that we should look way ahead in the future and look for the time when these people whom we have helped to progress will stand with us and will stand with us for those freedoms that they believe in and the religions that we all believe in, too. Do not think that the present forms of these governments are permanent in these satellite captive nations. I do not believe they are. We should not force Yugoslavia into the position of Hungary where they either had to force a revolution and die or else just give in. I agree with Senator KENNEDY, of Massachusetts, that there is a constructive alternative. I believe in these satellite captive nations that we should have a policy of friendliness with the peoples to help them develop into a democratic form of government. From my own experience in Yugoslavia, I was told I was one of four people that they never expected to see there because of my opposition to Yugoslavia military aid. I changed my mind and I believe that the people of Yugoslavia, if given the chance, will never move under another government by choice, nor leave their spiritual and blood brothers, the people of the West.

As the President found on October 15, 1956, pursuant to section 143 of the Mutual Security Act of 1954, as amended, Yugoslavia does not participate in the world Communist movement led by the Soviet Union.

ECONOMIC ASSISTANCE TO YUGOSLAVIA

Since fiscal year 1955, the bulk of economic assistance from the United States to Yugoslavia has been in the form of surplus agricultural commodities. Public Law 480 supplied \$98.7 million in fiscal year 1955, \$71.2 million in fiscal year 1956, and \$98.3 million in fiscal year 1957. The Mutual Security Act supplied \$30 million in foodstuffs in fiscal year 1955, \$23.8 million in fiscal year 1956, and \$13.5 million in fiscal year 1957.

Thus, of the \$43.5 million voted for Yugoslavia in mutual security economic aid in fiscal year 1955, only \$13.5 million went for technical assistance and non-agricultural assistance. Of \$30 million in fiscal year 1956, only \$6.2 million went for nonfood help, and of \$15 million in fiscal year 1957, only \$1.5 million.

Here is a short history of technical assistance program, Yugoslavia:

Summary

Fiscal years	Obligations (million dollars)	Yugoslav participants in United States	Yugoslav participants in Western Europe	United States technicians in Yugoslavia
1952.....	0.1	100		
1953.....	.6	210		1
1954.....	.5	117		3
1955.....	.4	148		5
1956.....	.9	64	73	10
1957 (9 months).....	1.5	80	53	9
Total.....	3.0	719	126	28

¹ Estimated.

Yugoslav participants by sector

Fiscal year	Total		Agriculture		Industry		Public administration	
	United States	Western Europe	United States	Western Europe	United States	Western Europe	United States	Western Europe
1952.....	100		84		16			
1953.....	210		170		24			
1954.....	117		72		44			
1955.....	148		60		80		2	
1956.....	64	73	49	58	1	15	2	
1957 (9 months).....	80	53	50	31	23	19	2	
Total.....	719	126	485	89	199	34	6	

Fiscal year	Education		Housing		Health		Miscellaneous and general	
	United States	Western Europe	United States	Western Europe	United States	Western Europe	United States	Western Europe
1952.....								
1953.....								
1954.....	1							
1955.....								
1956.....					10		2	
1957 (9 months).....	2			3			1	
Total.....	3			3	10		3	

United States technicians in Yugoslavia by sector

Fiscal years	Total	Agriculture	Industry	Education
1952.....				
1953.....	1			1
1954.....	3	3		
1955.....	5	1	3	1
1956.....	10	1	9	
1957 (9 months).....	9		9	
Total.....	28	5	21	2

AGRICULTURAL POLICIES IN YUGOSLAVIA

The Yugoslav Government took up collectivization as priority aim at the end of 1948, apparently as an aftermath of the Cominform break, and the share of tillable land in the collectivized sector jumped from 3.3 percent in January 1949 to 12.6 percent in June of the same year. The peak of collectivization was reached in mid-1951, when nearly 25 percent of the tillable land and 18 percent of the farm households were in collective farms. The collectivized sector began to dwindle away during 1952, and after the Government officially called a halt to the policy of collectivization in March 1953, and sanctioned the withdrawal from the collectives of all peasants who wanted to leave, collective farms declined rapidly to their present status, embracing about 3 percent of the tillable land and 2 percent of the peasant households. In numbers about 85 percent of the Yugoslav peasants have left the collective farms since 1952.

In addition to the land held by the collective farms, about 6 percent of the tillable land is held by state farms and 1 percent by the general agricultural cooperatives, making a total of about 10 percent held by the state and cooperative sectors and 90 percent by private peasants. About 98 percent of peasant households are in the private sector.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROOSEVELT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Michigan just made a very significant statement. And while I do not agree with his position on this amendment, I think it is well to draw to the attention of the House today that one of the difficulties throughout the country in securing support for mutual aid is the matter of secrecy. I hope that somehow in the year which will elapse before this matter comes up again the House can find some way to get from the executive branch of

the Government a declassification of much of the material which is classified today. I cannot go into detail without violating the obvious rules which are holding us down, but some of it is ridiculous. It makes it impossible for me to explain the kind of aid that goes to Yugoslavia. I happen to be in agreement with it, but I cannot explain why it is. That seems inexcusable. I hope that through the committee headed by the gentleman from California [Mr. Moss], or in some other way, the committee will find some way of getting these facts declassified before we take up this matter again next year.

Similarly, on the matter of military support, the gentleman from Minnesota, Dr. Judd, just said that some of our military support is helping some dictators support their position. It seems to me that we should be able to justify every single country to which military aid is going, not just on the basis of a global or regional basis as is now the case. I understand there may be good reasons for not giving out the amount of money involved, but I cannot see why it is not right to be able to justify military aid to each and every country who is going to get it under this bill.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman.

Mr. MORANO. Is the gentleman opposed to this amendment?

Mr. ROOSEVELT. I am opposed to this amendment, because I feel that fundamentally, as the gentleman from Minnesota and the gentleman from Pennsylvania outlined it, we are in this matter going to the people directly and not to governments.

Mr. MORANO. The gentleman also knows that under the bill and under the authority the President already has, he can turn off this aid just as soon as he wants to, and turn it on again if he sees that conditions require actions like that?

Mr. ROOSEVELT. That is correct, but that is something we cannot explain to the people. I hope the gentleman will agree with me that this matter should not be classified.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I am happy to yield to the gentleman.

Mr. VORYS. I agree with the gentleman's hope that year after year we get more of this declassified. But I think it might be a good idea to pat ourselves on the back for what has transpired here on the floor in the past 3 days. The House of Representatives has had available to it classified material at both of these tables all day long, and as far as I know there has not been any breach of confidence or breach of this classification. The Members of this House have shown that they can be trusted and that they can go ahead and legislate under the embarrassment of having to obtain part of their information from classified sources and being unable to refer to it in debate. I think it is a fine tribute to the representatives of a free people. I agree with what the gentleman said, but I think that flowers for the living on

this point, even amongst ourselves, is a good idea.

Mr. ROOSEVELT. I am glad to add my little flower. I agree with the gentleman.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DORN of New York. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, if the Members of the House would turn to page 7557 of Monday's CONGRESSIONAL RECORD, there is a speech in the RECORD by the gentleman from Ohio [Mr. FEIGHAN]. I think if anyone were to read it they could not help being convinced. Please look at it now; if you do, you cannot help being convinced of the worth of this amendment. It enumerates over 30 points as reasons why no aid should go to Yugoslavia. Along that same line, I believe the gentleman from Pennsylvania said that the many leaders of the satellite countries are liable to be overthrown at any time; and in saying that he added one additional reason why this amendment should prevail. What we are doing here is aiding the Tito Government of Yugoslavia and trying to keep it from being overthrown, doing it by our direct aid.

While you are looking at page 7557 of Monday's RECORD I would like to ask a question of the chairman of the Foreign Affairs Committee. The gentleman from Ohio [Mr. FEIGHAN], in his remarks on page 7557 said this:

Tito in this speech to which I referred announced no further assistance was needed from the United States.

Are we not giving aid to Tito in spite of the fact that he requests us not to do it?

Mr. MORGAN. That request referred only to military aid.

Mr. DORN of New York. Do you not think that in turning to us and saying: "Do not help us militarily" he said, "Look, fellows, I am so close to Soviet Russia you are embarrassing me, for if I am going to have to stand and fight it will be on the side of Soviet Russia." Is not that in effect what he said?

Mr. MORGAN. We have no record of that.

Mr. DORN of New York. I am informed, and in reading the article by the gentleman from Ohio [Mr. FEIGHAN] on page 7557 of Monday's CONGRESSIONAL RECORD, I find it states that Tito, himself, wanted no further help from us. If, as the gentleman said, it was because he did not need our military help, certainly the additional words that he used in that speech and subsequent speeches stating very definitely that he was not on our side, that he supported Soviet Russia, would fight on the side of Soviet Russia if it came to blows, means that in this specific instance, if in no other, we are throwing away our money for no good purpose whatsoever.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DORN of New York. I yield.

Mr. HAYS of Ohio. I am interested in what the gentleman is saying. I would like for the gentleman to tell me exactly where Tito has said he would

fight on the side of the Soviet Union if it came to a showdown.

Mr. DORN of New York. See the statement by the gentleman from Ohio.

Mr. HAYS of Ohio. The gentleman made a statement that he said it. If he said it it would have a great deal of influence with me. If the gentleman can show me that he did that is one thing, but if the gentleman says he said that, but cannot show me, that is another.

Mr. DORN of New York. I think if you will read Mr. FEIGHAN's speech you will find such a statement in there, or that if Tito did not use those exact words, it meant the same thing. That is the reason I so repeatedly mentioned that it was in the CONGRESSIONAL RECORD on page 7557.

Mr. O'KONSKI. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, our billions for Tito is a typical example of how the leaders of our country and the Congress of the United States fail to see the trees for the forest.

In reality what Tito has said to us is this:

I have enough of your guns, and tanks, and planes; I have enough of your arms. From now on give me the cash or give me something that I can convert into cash for my own good and my own dictatorship.

That is what Tito actually said. As a matter of fact, Tito said something even more than that. Tito said, "You Americans have given me so many guns, so many tanks, so many planes, I have a surplus and I am sending \$10 million of these arms to the Communists in Indonesia." Indonesia is the coming trouble center and the next place we are going to have trouble. We have given Tito so many arms that he can afford to send \$10 million of it over to the Communists in Indonesia. Believe it or not some Members of Congress still wonder which side of the fence he is on. Wherever Communists need him Tito will be there with our arms and our money.

But, that is not why I really rose. That is just one example of how we fail to see the trees for the forest. I think the uprisings in South America are equally bad examples. If some of you were to ask me to give a concise description of this foreign-aid bill, I would say it is a method by which we corrupt the leaders of a nation and turn the people against us. That is exactly what we are doing in every country that we are giving this foreign aid to. I say that the uprisings in Venezuela are a direct result of the foreign-aid program in South America. This bill and the previous foreign-aid bills that we have passed relative to South America are directly responsible for the uprisings in South America. To turn our head and smile and say that it is just a matter of a few juvenile delinquents, it is just a matter of a few irresponsible Communists, is whistling in the dark. When you have numbers in the uprising so large that the police force is not able to cope with them and that the government responsible is not able to cope with them, it is more than a few Communists and more than a group of juvenile delinquents.

This foreign aid program is directly responsible for this situation. Let us analyze Venezuela. Never in the history of Venezuela have they had a dictator more unpopular than the one that was recently deposed. Every dollar of aid that we gave to Venezuela was channeled through him as a dictator. We could not distribute dollars or aid to any part of Venezuela without his permission. Yet no man in Venezuela was more hated than this same deposed dictator. So, every dollar that we gave to the Venezuelan dictator, that dollar, in the same degree, turned the people of Venezuela against us. He was called the dictator supported by United States capitalists. This feeling is responsible for the uprisings there. This is how foreign aid worked in Venezuela and what it accomplished. It resulted in stoning and insults to great American citizens.

Gentlemen you must understand that in South America historically they have revolutions for breakfast. Right now, when you pick up a newspaper, you may find that there is another junta, another uprising in South America, another government overthrown.

If they had a real free election in most of the countries in South America, I doubt whether there could be many governments in South America that would survive. So, in spite of the fact that the governments are unpopular and unstable, in spite of the fact that many of the governments are not wanted by the majority of the people, we go in there with our money; we give them millions, and we set them up lavishly so that the rich get richer and the poor get poorer. If you think that this is the case only in Venezuela, please let me tell you otherwise.

Here is an important point that has been hidden by the Foreign Affairs Committee. The various corrupt leaders of the more than 60 nations that we have given foreign aid to have stashed away in the banks and vaults of the United States over \$15 billion. And, yet we are sending them billions of dollars. They do not have confidence enough in their own leadership or country to keep their own money there. So they are sending billions for safety purposes, to the banks and the vaults of the United States of America. They want to be secure financially if and when they are overthrown. The \$15 billion in assets and money in hiding by the various leaders of these corrupt governments ought to give pause to the advocates of foreign aid, but they merely shake their shoulders and say "So what."

I say to you, members of the Committee, that if you continue this program for another 10 years, as we have in the past 10 years, we are going to be spat upon and we are going to be stoned in every country on the face of the earth.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Chair recognizes the gentleman from Wisconsin [Mr. REUSS].

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment. I think the Yugoslavian aspect has been very well answered by the gentleman from Minnesota [Mr. Judd] and the gentleman from Ohio [Mr. VORHS].

I should like to address myself to the proposition in the amendment that the technical assistance fund should be cut. This is the most important part of the whole mutual security bill, in my opinion. It is the part through which we can really project to the world the image of an America of Thomas Jefferson and Abraham Lincoln. I was out in the Far East last fall as a member of the International Operations Subcommittee, and in Cambodia I saw how our point 4 program was helping to build schools. In Vietnam I saw how we were helping to develop a democratic civil service. In the Philippines I saw how our village development program was giving the people of that Republic the beginnings of democracy. I cannot think of a part of our program that makes more genuine friends for America, or that helps more to develop democracy at the grassroots. This is a program with which the Communists cannot possibly compete, because they do not believe in democratic development toward better health, a little education, and more food.

It is a terrible thing that stones have been hurled at American officials and American installations in Venezuela, Lebanon, and Algeria. But I suggest that those stones were not hurled at individuals or at libraries. They were hurled at an image of an America that to those people seems unconcerned with human rights; an America that seems preoccupied with military might; an America which lets interests in wheat and wool, in lead and zinc, in copper and oil obscure our good neighborliness; an America that too often is identified with foreign colonialism or with corrupt native dictators.

By voting down this amendment, by giving new dignity and breadth to the technical assistance program, we can tell the whole world that America means what it said in the Declaration of Independence—that we are devoted above all to the welfare of the individual human being. Let us let the ideas of Lincoln and Jefferson once again ring around the world.

Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. DAVIS].

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, I do not feel I should permit this opportunity to pass without raising my voice in protest against giving away the taxpayers' money to Communist governments. The gentleman from Pennsylvania in his remarks a few minutes ago

said, I believe, that the people of Yugoslavia had changed the ownership of 85 percent of the collective farms to private hands and that that is what the people of Yugoslavia were doing as against the Communist government. That is one of the strongest reasons why this money should not be provided in this bill today. There is not a penny of it being given to the people; it is all being given to the Communist government. Every dollar we give to Tito today, through this bill, will be used to crush whatever efforts may be made by the people of Yugoslavia to throw off their Communist yoke.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. Briefly, yes.

Mr. DORN of New York. I was asked the question when I had the floor a little while ago—

Mr. DAVIS of Georgia. Yes; and I want to read that. I have taken it out of page 7558 of the RECORD of May 12, in the speech of Mr. FEIGHAN. It says:

Fourth. In June 1956 Tito visited the Soviet Union and sealed his reconciliation with Moscow with new, unequivocal and most emphatic expressions of Communist solidarity. He said that the Yugoslav Communists had never failed in their international Communist duties and obligations, he called the Russian Communists brothers-in-arms and he declared that Communist Yugoslavia and the Soviet Union would march shoulder to shoulder in time of war as in time of peace toward the same goal, the goal of the victory of socialism.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, there is one thing I want to say about the attack made by the gentleman from Wisconsin on the South American Republics, or upon the idea of corrupting them by giving them billions. He used Venezuela as an example.

I do not know if this is classified material or not, but I am not very sympathetic with classified material, anyway, so if it is, I will just declassify it. The amount proposed in 1959 for Venezuela is \$190,000—\$190,000. The gentleman talked about billions, about corrupting people. I do not know how many people you can corrupt with \$190,000. I do not know what the going price is on corruption. But it would take a good deal of that for anybody to accumulate \$15 billion that he was talking about in deposits in the banks of the United States. I do not know where he got that figure. I do not know whether it is any more accurate than the figure he used when he referred to billions for Venezuela to corrupt the people, but I just thought that that ought to be in the RECORD.

To get back to Yugoslavia for a minute, the House has already defeated an amendment to cut out the bulk of the money to Yugoslavia, the money that is in the pipeline. Now we are kicking about a very insignificant amount and the only amount in the bill for Yugoslavia so far as I know that gets to the people.

The gentleman from Georgia said the fact the Yugoslavs had turned 85 percent of their land to private ownership was

all the more reason this should be defeated. I say it is all the more reason they should stay in the bill, because this is the only part of the funds that will get to those people that have reconverted their land to private ownership and help them with their technical problems. I know the great majority of the Yugoslav people themselves, if they could vote on it—and I have a lot of Yugoslavs in my district, and I have been in Yugoslavia—would be against communism. Do you want to give them away for \$1,850,000, when we have already voted to leave the \$7 million in the pipeline for other things there? It is just that simple. I would have a lot more sympathy with an amendment which would cut out the pipeline money and leave this in the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close debate on the amendment.

Mr. MORGAN. Mr. Chairman, I oppose this amendment. It carries only \$1,800,000, but there are not any actual dollars going into Yugoslavia. It is all technical services going into public-health work, public-administration work, and public education.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Much of this money goes to support 13 American technicians who are working in Yugoslavia in the growing technical-cooperation program. Our technicians in increasing number have been well received in Yugoslavia. Here is an example:

Much success has been achieved in such projects as hybrid corn, where United States technicians in conjunction with Yugoslavs, trained by the United States, have effectively demonstrated the benefits of hybrid strains.

Not a dollar of this aid goes to Tito. This is largely to support Americans and their associates who are over there sharing our ideas, our convictions, and our skills, with the people of Yugoslavia. There is good reason to believe they are also winning respect and goodwill for our country and sustaining the hopes of those valiant freedom-loving people.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. On that point of the 85 percent, 85 percent of the people of Yugoslavia have now left the collective farms against the will of the Government, so 85 percent of this money is obviously going to free enterprise. When I was in Yugoslavia last year I found the average Yugoslav citizens to be the most friendly people I have seen in a foreign country in a long time.

Mr. MORGAN. There are no cash amounts involved here. It is all for technical services.

I ask for a vote on the amendment, Mr. Chairman.

The CHAIRMAN. The time of the gentleman has expired.

All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. BALDWIN].

The question was taken; and on a division (demanded by Mr. BALDWIN) there were—ayes 55, noes 98.

So the amendment was rejected.

Mr. LIPSCOMB. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LIPSCOMB on page 12, strike out lines 9 through 21 and insert the following:

"(c) Repeal Section 308, which relates to the International Development Advisory Board."

(Mr. LIPSCOMB asked and was given permission to revise and extend his remarks.)

Mr. LIPSCOMB. Mr. Chairman, this amendment deletes proposed new language which was inserted in the bill by the committee and also abolishes the International Development Advisory Board. This Board was established by the President on September 8, 1950, by Executive Order 10159, pursuant to the authority in title IV, section 409, of the Foreign Economic Assistance Act of 1950. Present authority is contained in section 308 of the Mutual Security Act of 1954, as amended. This Board was established to advise and consult with the President on the operation of the Mutual Security program. The most recent chairman of this Board was Eric Johnston, who was appointed on February 1, 1952. His last term expired on August 2, 1957. He had served three terms as chairman of this Board. There were 12 other members of the Board. There are no members at this time on this Board, their terms all having expired in September, 1957. To my knowledge, there have been no successors named. At the present time, there is no staff for the Board. Mr. William C. Schmeisser, the last executive director, who was appointed on May 23, 1956, resigned on January 12, 1958. Subsequent to his resignation, he went to work in the executive office with Eric Johnston on the Conference on Foreign Aspects of United States National Security.

From 1950 through fiscal 1958, the total expenditures of this Board will have amounted to \$324,516.88. And even though as of September of last year there were no members of the Board, and no staff after February of this year, there is a request in the present budget for \$49,800. I am not aware of the value of this Board in the past in consulting with the President, but I do know they have issued since 1950 18 reports. The most recent one, dated September 16, 1957, is entitled "Recommended Operational Criteria for the Development Loan Fund" and that carries the label "confidential." On June 10, 1955, they issued a report entitled "Background Information Relating to the Problem of Unemployed Intellectuals in Countries Receiving United States Foreign Aid." They have also issued reports on Malaria Eradication, and also one entitled New Emphasis on Economic Development Abroad.

This is a good time to do away with an Advisory Board. There are no employees who are going to lose their jobs. There is no chairman and there are no Board members. Here is a good place to cut down on expenses in this bill. I recommend a favorable vote on this amendment.

The CHAIRMAN. The time of the gentleman from California [Mr. LIPSCOMB] has expired.

The question is on the amendment offered by the gentleman from California [Mr. LIPSCOMB].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 85, noes 15.

So the amendment was agreed to.

The Clerk read as follows:

OTHER PROGRAMS

SEC. 204. Title IV of the chapter designated by section 501 of this act as chapter II of the Mutual Security Act of 1954, as amended, which relates to other programs, is further amended as follows:

(a) In section 402, which relates to earmarking of funds, strike out "1958" in the first sentence and substitute "1959."

(b) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section:

"SEC. 403. Responsibilities in Germany: The President is hereby authorized to use, during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 450 (a) of this act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) special account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA special account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded."

(c) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out all following "fiscal year" and substitute "1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate."

(2) In subsection (d), strike out "1958" and "\$5,500,000" and substitute "1959" and "\$8,600,000", respectively.

(d) In section 406, which relates to children's welfare, strike out "1958" and substitute "1959."

(e) In section 407, which relates to Palestine refugees in the Near East, insert "for the fiscal year 1959" before "not to exceed" in the first sentence; and strike out "\$65,000,000" in the first sentence and substitute "\$25,000,000."

(f) In section 409 (c), which relates to ocean freight charges, strike out "1958" and "\$2,200,000" and substitute "1959" and "\$2,100,000", respectively.

(g) In section 410, which relates to Control Act expenses, strike out "1958" in the first sentence and substitute "1959."

(h) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1958" and "\$32,750,000" and substitute "1959" and "\$33,000,000", respectively; and insert "and title II of chapter II" immediately before the close of the first parentheses;

(2) In subsection (c), insert "functions of the Department under this act or for" before "normal."

(i) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out "the agency primarily" and substitute "an agency"; substitute a colon for the semicolon at the end of subparagraph (E), and add the following proviso to that subparagraph: "Provided, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;"; and insert after "Director of the International Cooperation Administration" both times it appears in subparagraph (F) "or such other officer as the President may designate."

(j) Section 414 (b) of such act, which relates to munitions control, is amended by adding at the end thereof the following: "Such regulations shall prohibit the importation or reimportation into the United States (other than for the Armed Forces of the United States) of arms or ammunition originally manufactured for military purposes, or parts thereof, except those which are curios or antiques and are not in condition to be used as firearms."

(k) In section 419 (a), which relates to atoms for peace, strike out "1958" and "\$7,000,000" in the second sentence and substitute "1959" and "\$5,500,000," respectively.

(l) In section 420, which relates to malaria eradication, delete "The" in the second sentence and insert "In addition to such assistance as may be furnished for this purpose in accordance with the provisions of title II of chapter II, the"; insert after the word "authorized" in the second sentence "to use funds made available under this act (other than ch. I, and title II of ch. II)"; and strike out the last sentence.

Mr. SIKES. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SIKES: On page 16, line 1, strike all that follows the colon and lines 2 through 6, and insert the following: "Such regulations shall prohibit the return to the United States (other than for the Armed Forces of the United States and its allies) of any military arms or ammunition furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States."

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. SIKES. Mr. Chairman, my amendment states:

Such regulations shall prohibit the return to the United States (other than for the Armed Forces of the United States and its allies) of any military arms or ammunition furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States.

Mr. Chairman, this is what I think the committee actually intended, and this is one of the things advocated by the principal witness. I call to your attention a statement by Mr. William C. Hadley, formerly of Remington Arms, now president of Sporting Arms & Am-

munition Manufacturers Institute. He proposes in the hearings, and I quote:

An amendment to section 511 (c) of the act to provide that equipment furnished under the military aid programs may not be reimported into the United States in competition with American industry.

That is 1 of 2 items that Mr. Hadley says the American arms industry wants.

The language of my amendment would do exactly that, would stop other nations from selling back to us the weapons we have given them under lend-lease, mutual security, and other foreign programs.

The committee language, Mr. Chairman, goes much further than this objective as set forth by one of the principal witnesses for the language in the bill. The committee language would stop all importations except new sporting weapons and antique weapons incapable of being fired—the latter would include only junk. Now, what is the purpose of the language in the committee bill? Let us look again at the testimony of one of the principal witnesses on page 1305 of the hearings. I quote again from Mr. Hadley:

The suggested amendments are: (1) An amendment to section 414 of the act under which arms imports or exports are licensed so that the President will take into consideration as one factor, along with foreign policy and peace, the competitive impact of imports upon American industry.

In other words, the section which I propose to amend is an amendment to our reciprocal trade program, and to our tariff system. It is an industry-protective device and that is all it is. The great Committee on Foreign Affairs which I respect has brought in language which I think is more properly before the Ways and Means Committee. This should be an amendment to the Reciprocal Trade Act, or at least it should be before the Tariff Commission. This is a trade-policy matter, not one which I think can properly be included in the mutual-aid program, which has as its intent the helping of other nations, not cutting off their trade with us.

Mr. MORANO. Mr. Chairman, will the gentleman yield for a correction?

Mr. SIKES. I yield.

Mr. MORANO. This is a correction. This language is properly before the House. It amends the Munitions Control Act. This matter was discussed with the chairman.

Mr. SIKES. Now, may I proceed?

Mr. MORANO. This was discussed with the chairman of the Ways and Means Committee and he conceded that jurisdiction of the House language in the bill is properly in this committee.

Mr. SIKES. May I proceed, please? This is a trade protection matter, it deals with reciprocal trade; it does not have to do with mutual aid and mutual security.

I do not censure the gentleman from Connecticut [Mr. MORANO] for offering his language. He is simply trying to help the arms manufacturing industry of his district. The gentleman is a valuable Member who has done much good work and I can understand his interest in the people of his district. He should be in-

terested in them. But, Mr. Chairman, this is neither the time nor the place to decide the question which has been injected into the discussion. This should be decided when the Reciprocal Trade Act is before us for extension.

Mr. MORANO. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. MORANO: On page 16, line 3, after words "of the United States)" strike out all following through line 6 and insert "for resale of firearms manufactured for the armed forces of any country, or parts thereof for reassembly, except those which are curios or antiques or weapons of obsolete ignition incapable of using a fixed cartridge or fixed shotgun shell."

Mr. MORANO. Mr. Chairman, the issue before the House is a very simple one. The language of the bill and the language of my amendment provides, with certain modifications, that no surplus military rifles manufactured for military purposes by a foreign nation may be imported into this country. In other words, there were imported into this country in 1957 over 100,000 Carcano rifles, an 1891 Italian rifle which was remodeled in 1938. Now, that rifle is not only an old rifle, but it is unsafe. There is no provision of law which requires an agency of the Government to examine the rifles before they come into the United States. Now, 100,000 of them have come in. Over 660,000 rifles of foreign manufacture, declared surplus by reason of our military aid to them under the Mutual Security Act, were declared surplus. This Carcano rifle has been bought for 79 cents by importers, brought into this country and sold to our sporting rifle shooters. Now, this amendment will not prohibit the sale of sporting rifles. Let us find out where some of these Carcano rifles have gone. There has been an indictment secured by the Attorney General of the United States. He indicted the people selling these rifles for violating the National Firearms Act and the Federal Firearms Act. Here you will find that they were indicted for buying from Inter-Armco of Alexandria, Va., Carcano rifles, which were used in gun running. Now, that is what is going on, and that is what my amendment tries to stop.

Mr. KEARNEY. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from New York.

Mr. KEARNEY. I thoroughly agree with the amendment offered by the gentleman from Connecticut. It is not only the Italian rifle that he is speaking of, but many, many thousands of other rifles which are coming into this country, and, let me say to my good friend from Florida, to the detriment of small arms manufacturers of this country. It is about time that we did something to protect our small arms manufacturer, and I heartily agree with the gentleman from Connecticut [Mr. MORANO] and will support his amendment. It has been suggested that this bill is not the place to settle this question, but in my humble opinion, it is. Too many American workingmen are losing their jobs as a result of the sale of foreign surplus guns here.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Under the gentleman's amendment, no rifle manufactured by a foreign manufacturer as a new rifle for sale in commerce would be prohibited?

Mr. MORANO. Of course not.

Mr. HAYS of Ohio. Only rifles, as I understand it, which have been at one time or another manufactured for the Armed Forces of some country?

Mr. MORANO. That is exactly right.

Mr. HAYS of Ohio. And declared surplus?

Mr. MORANO. That is exactly right. As a matter of fact, any importer who places an order with a foreign manufacturer for sporting rifles could bring them in if he is a legitimate importer.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from Massachusetts.

Mr. BOLAND. As I understand, your amendment would prohibit the reimportation of American-made arms sent to these nations under the Mutual Security Act that have come back to the United States and sold at a lower price, a cheaper price, than you could get for the American-made rifle here in the United States.

Mr. MORANO. That is correct. And, furthermore, there have been 660,000 rifles imported into this country, foreign made, in 1957. That is three times as many rifles as are manufactured here in the United States. There has got to be something done.

Mr. BOLAND. Mr. Chairman, will the gentleman yield further?

Mr. MORANO. I yield.

Mr. BOLAND. Is it not a fact that this is the only place where you can get any relief?

Mr. MORANO. This is the only place where we can get any relief, because it is an amendment to the Munitions Control Act which is part of the Mutual Security Assistance Act of 1954. It is not a jurisdictional dispute of any kind.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. What the gentleman is trying to do is to take care of the rifle industry and the munitions industry.

Mr. MORANO. No; that is not so.

Mr. O'KONSKI. So that he can vote for the Reciprocal Trade Agreements Act when that comes up.

Mr. MORANO. I am not trying to take care of the rifle industry. The rifle industry has enough competition as it is and is willing to compete. But they cannot compete with rifles made in Italy in 1914 or 1915 and brought back here into this country by the hundreds of thousands.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from Massachusetts.

Mr. BOLAND. What is wrong with taking care of the American manufacturers of rifles? Is it not just as well or

better that we take care of them than of the American importers who are purchasing surplus material across the water and then bringing it here and selling it at a lesser price than our own rifles cost?

The CHAIRMAN. The time of the gentleman from Connecticut [Mr. MORANO] has expired.

Mr. FULTON. Mr. Chairman, I move to strike out the last word, and I yield to the gentleman from Connecticut [Mr. MORANO].

Mr. MASON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MASON. Under the rules of the House, the gentleman may not yield unless he is in the well.

Mr. FULTON. The gentleman is in the well now.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Connecticut [Mr. MORANO].

Mr. MORANO. Mr. Chairman, let me show you what has happened and what has made this proposed legislation necessary. In 1957, as I said, there were about 100,000 Italian Carcano rifles imported into this country. They were purchased by an importer for 79 cents apiece. I am sure that the gentleman from Florida [Mr. SIKES] would not want this kind of an operation to continue. I think he has been misinformed about the whole matter. In answer to the gentleman from Wisconsin I will say that any sporting rifles made by commercial industry for export to this country could come in without any trouble.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. Am I not correct in believing that what the gentleman is trying to do is to protect the legitimate interests of those engaged in the manufacture of firearms in this country from an illegal procedure which is presently being used against them?

Mr. MORANO. That is exactly right, and I thank the gentleman for his contribution.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Minnesota.

Mr. JUDD. Just to make this perfectly clear, is not the source of the difficulty the fact that in many countries arms have been manufactured for military purposes and then, when a new and better rifle has come along, the military establishment of that country has thrown its older rifles on the market as surplus. Those rifles are then bought up and shipped into this country for a song.

However, under the gentleman's amendment, if an American importer wants to go over and make a contract with a foreign manufacturer for a certain military rifle, whether new or old model, then that rifle may be manufactured and brought into the United States in whatever quantity he wants. He

would of course have to pay the price of a new rifle.

The difficulty comes when an importer goes over and buys surplus rifles, discarded by the military establishment of the country at a fraction of their original cost, and brings them into this country in completely unmatched competition with the American manufacturers of rifles. We are not against competition with new rifles from abroad. It is the old military surplus rifles that make the trouble.

Mr. MORANO. That is correct. And when NATO begins to use a new rifle, there will be hundreds of thousands more of rifles that will be declared surplus all around the world. Under the language of the proposal of the gentleman from Florida [Mr. SIKES], licenses pending now will permit them to bring in all those rifles. That is not reciprocal trade; that is not competition; that is disaster.

Mr. JUDD. The gentleman's amendment will not keep out any sporting rifles made for that purpose?

Mr. MORANO. Absolutely not. German Mausers, or any other rifles made for commercial purposes, could be imported.

Mr. SADLAK. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Connecticut.

Mr. SADLAK. Mr. Chairman, I wish to associate myself with the gentleman from Connecticut [Mr. MORANO] in the remarks he has made and to compliment him on his energy and initiative in finding the proper means of coming to the help of the industries and the people of those industries in Connecticut.

Mr. MORANO. I thank the gentleman.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from California.

Mr. ROOSEVELT. May I correct one statement which I think was an inadvertent misstatement. The allegation is made that these are all surplus rifles that are being replaced by more modern ones. In the case of these Carcano rifles, I am informed by a correspondent from a small-business firm who wrote me in relation to a small-business problem that these rifles were not imported from Italy, they were purchased and imported from Finland. The Finns purchased these rifles in 1939 for use in the Finnish war against the Russians. Finland is of course not a recipient of any arms from the United States. The end of World War II resulted in the demobilization of arms all over the world, creating much of this stock, which today are used as antiques and as sporting articles. Therefore, the amendment of the gentleman would completely wipe these firms out of business.

Mr. MORANO. No; that is not so. The Finnish War was in 1939. These rifles were made in 1938.

Mr. ROOSEVELT. I think the gentleman will find that the record shows that these that have come into this country were all from Finland.

Mr. MORANO. I do not think that is true. I asked the gentleman who represented these companies before the Committee on Foreign Affairs where they came from. He did not have the information but said he would supply it, and he has never supplied it to this day.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Massachusetts.

Mr. BOLAND. The gentleman from Minnesota [Mr. Judd] put this in proper perspective. He referred to the fact that this amendment covers rifles and military firearms alone. It does not bar the importation of sportsmen's rifles at all. We only object to the fact they are bringing back into the United States military firearms that were sent under this program.

Mr. FULTON. May I say I am for the gentleman's amendment.

Mr. MORANO. I thank the gentleman.

[Mr. KING addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ADAIR. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask the gentleman from Florida [Mr. SIKES] a question. What would be the effect of the gentleman's amendment with respect to curios and antiques?

Mr. SIKES. Of course, my amendment, if I may answer the gentleman, would have no effect whatever on the importation of curios and antiques. I do not know what is covered by the term curios insofar as weapons are concerned. Antiques could be brought in under my amendment just as they are brought in today. One of the objections to the original language in the bill is the fact that no antique worthy of being brought in out of the rain could be imported under its language. As the bill is written, it would have to be a weapon that could not be fired. The average collector of fine old weapons wants a gun capable of being fired, whether he intends to fire it or not. He does not want useless junk. Under my language, the importation of antique weapons—in other words, percussion weapons or flintlocks or other early weapons—would not be affected at all.

Mr. ADAIR. In other words, the gentleman is saying to the committee that those who do collect antique weapons, or curio weapons or whatever they may be called, would not be adversely affected by the gentleman's amendment if it were adopted.

Mr. SIKES. That is correct.

Mr. ADAIR. Mr. Chairman, I yield back the balance of my time.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, the amendment that is in the bill, the language of the bill, is for the benefit of the Winchester Arms Co. and the Remington Arms Co., two of the biggest producers of arms in the United States. It is against small business. If this language that is carried in the bill becomes law, it will put 10,000 small-business men and employees out

of work throughout the United States. Big business, the big arms companies, are not hurting. The large manufacturers made more money last year than they have made at any time in their existence from civilian business. So that is not going to be involved in this. As far as the illegal exportation or the importation of arms is concerned, there are laws to take care of that. So the attempt of the gentleman from Connecticut to becloud the issue with the question of illegal exportation of arms does not enter into the matter at all.

On the subject of safety, the gentleman from Connecticut [Mr. MORANO] read some language from the National Rifle Association's book which was published on March 25. I have a letter from the National Rifle Association of America signed by F. C. Daniel, their secretary, and here is the language given in the letter under date of April 28:

It is a source of some embarrassment to us that the statement quoted above from Mr. Smith's book is an incorrect statement. The firing mechanism is indeed held in place in the bolt by a relatively small lug when the bolt is in the unlocked position, as when loading a rifle. However, the rifle cannot be fired with the bolt in this position. When the bolt is turned down into the firing position, a large lug on the firing mechanism engages in a corresponding recess in the receiver body, locking the firing mechanism safely into place.

For the record, I would like to point out that Mr. Smith's book has been substantially revised since the edition quoted above. Also, that the National Rifle Association of America is no longer the copublisher of the book nor in any way connected with it.

So that takes care of the safety factor of the item.

Now let us get down to the facts of the case. As a matter of fact, these rifles are not rifles that have come from surplus guns manufactured in the United States. The majority of them are surplus rifles in different countries and are bought and sold to the people of America who cannot afford \$150 rifles. This means that the little fellow can buy himself a rifle and go hunting if he wants to. Later on, when the young fellow learns to shoot, and he has a cheap rifle, he graduates to a better one. Would we stop the sale of used cars in the United States for the benefit of big cars? I do not think so, because we know that the fellow who buys a \$150 used car eventually will buy a Cadillac. We know that the fellow who will buy a cheap rifle and go hunting, the young fellow who does not have a great deal of money will afterwards buy a better rifle. The Department of Civilian Marksmanship, through the rifle association last year placed in the hands of young hunters 135,000 surplus United States rifles. If you are talking about competition, why do you not stop the competition there? In other words, this is part of the Government's program to teach young men how to handle a rifle. They have made available 135,000 Springfield rifles last year to the young hunters of the United States, because they want them to know how to shoot a gun so that eventually, when military requirement is made of them, they can discharge it.

The language in the bill is against the small-business man. It is against the young fellow who cannot put up \$150 to buy a new rifle. It is against 10,000 businessmen and their employees in America who take these rifles and remodel them for the people who cannot afford to buy new rifles. I think the language offered by the gentleman from Florida [Mr. SIKES] should be accepted. This will allow curios and antiques to come in, but it will also allow rifles to be imported for small-business men to clean and remodel so they can be sold to people for cheap prices, people who cannot afford to buy the higher priced rifles.

The CHAIRMAN. The time of the gentleman from California [Mr. HOLIFIELD] has expired.

Mr. MORGAN. Mr. Chairman, I wonder if we cannot get some limitation of time on this amendment.

I ask unanimous consent, Mr. Chairman, that all debate on this amendment and all amendments thereto close in 15 minutes.

Mr. SMITH of California. Mr. Chairman, I object.

Mr. MORGAN. I will make it 20 minutes, Mr. Chairman.

Mr. SMITH of California. I would like to have 5 minutes, Mr. Chairman. I object.

Mr. MORGAN. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

The CHAIRMAN. The Chair notes 10 gentlemen standing. The time will be divided equally among them. Each Member will be recognized for 2 minutes.

Does the gentleman from Pennsylvania [Mr. MORGAN] desire recognition at this time?

Mr. MORGAN. I will wait until later.

The CHAIRMAN. The gentleman from Virginia [Mr. BROYHILL] is recognized.

Mr. BROYHILL. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Florida [Mr. SIKES], and in opposition to the substitute offered by the gentleman from Connecticut [Mr. MORANO].

There has been a great deal of discussion here about the position of the National Rifle Association with respect to the original language of this bill as well as the substitute amendment. I have in my hand here a bulletin dated May 1, 1958, approximately 12 days ago, signed by Mr. F. C. Daniel, secretary, in which he makes reference to the complete embargo on the importation of arms that were manufactured originally for military purposes, except antiques and curios not in condition to be used as firearms. The bulletin states:

A majority of all worthwhile antique firearms were originally manufactured for a military purpose and, if they are of any value, they are in condition to be used as firearms. While it may be that an arms collector would never dream of firing a valuable flint or percussion antique, if it is not in condition to fire it would be of relatively little value.

This statement should clarify the fact that the National Rifle Association is opposed to the Morano substitute as well as the original language of the bill.

I appreciate the position taken by the gentleman from Connecticut [Mr. MORANO], particularly in regard to possible unemployment in his congressional district. It is consistent with good representative government that he should rise to protect those people, but I submit, Mr. Chairman, that there are many hundreds of thousands of people unemployed in the automobile industry. Are we going to require a complete embargo on the importation of foreign-made cars? And if so are we going to do it in the Mutual Security bill?

I submit further that there are many thousands of small-arms dealers, gunsmiths, and many hundreds of thousands of people enjoying the health and recreation provided by firearms who would be more adversely affected by this substitute amendment than the gain which might come to the people of Connecticut.

I, therefore, urge the defeat of the substitute amendment offered by the gentleman from Connecticut [Mr. MORANO] and urge support of the amendment offered by Mr. SIKES, of Florida. For this is the only way in which we can protect the many small businesses dependent upon the import of these small arms.

If trade restrictions are necessary then such restrictions should be properly considered by the Committee on Ways and Means and not by the Committee on Foreign Affairs.

The CHAIRMAN. The gentleman from California [Mr. SMITH] is recognized for 2 minutes.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Chairman, I would like to make my position clear on this amendment. I know many Members thought I was going to introduce this amendment, to take out the original language placed in the bill by the gentleman from Connecticut [Mr. MORANO]. However, by agreement with the gentleman from Florida [Mr. SIKES], we worked out the language which we felt was better, which would keep American-made arms from coming back into the United States after they had been shipped out under lend-lease, the mutual assistance program, or any other program.

I am in favor of the amendment offered by the gentleman from Florida [Mr. SIKES], and opposed to the amendment offered by the gentleman from Connecticut as a substitute. If the substitute amendment is adopted, then, of course, we will have no chance to vote on the amendment offered by the gentleman from Florida.

Now, let us get some of these figures straightened out. American manufacturers paid \$15 million in excise taxes last year, \$1 million more in 1957 than in 1956. They did \$165 million worth of business. We are talking about \$8 million imported into the United States last year, gross, of which \$4,300,000 was Browning shotguns which are not in-

cluded in here because you know what the story of the Browning shotgun is.

We are talking simply about some used Army rifles, Enfields and Springfield, that were originally manufactured for Army purposes.

We are talking exactly about \$3.3 million worth of arms being brought in here, of which approximately \$1 million happens to be brought in by 3 concerns in my district, where 200 people are employed. They will be out of business. They have some contracts now in view of the proposed amendment in the original bill. They run an importing business. The State Department, Department of Defense, and Department of Commerce are opposed to the amendment here as offered by the gentleman from Connecticut. In turn, the State Department, as of this moment, has delivered to me a letter in support of the amendment offered by the gentleman from Florida [Mr. SIKES], which I submitted to the State Department as my amendment for consideration.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Florida [Mr. SIKES] and against the substitute amendment offered by the gentleman from Connecticut [Mr. MORANO].

I might at this time take the opportunity of telling the members of the committee that if this substitute amendment offered by the gentleman from Connecticut is defeated and the amendment offered by the gentleman from Florida is accepted, it will give us an opportunity to properly weigh the position of the small business people who have bitterly protested that this would put them out of business. It does not seem to me that such a drastic step should be taken without much more consideration than has been given to it up to this time. I think it is well to point out, too, that the amendment offered by the gentleman from Florida, Mr. SIKES, gets at the heart of what I am sure the committee was trying to get at, which is to make sure that regulations will prohibit the return to the United States—other than, of course, of the Armed Forces of the United States and its allies—of any military arms or munitions furnished to foreign governments by the United States under this act or under other foreign assistance programs. This would eliminate the racketeering element, which I think is the proper thing to eliminate, without doing harm to small business and the legitimate small business people of this country.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from California.

Mr. McDONOUGH. I associate myself with the remarks of the gentlemen from California [Mr. ROOSEVELT, Mr. SMITH, and Mr. HOLIFIELD.] I think the Sikes amendment is an answer to a very complicated situation which we have before us here. I am glad to associate myself with the gentleman's remarks.

Mr. ROOSEVELT. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, I think we have pretty well demonstrated the fact that the substitute amendment is an industry protection measure which primarily returns to the language originally carried in the bill. The substitute shows a little improvement but not much.

But, if this is an industry protection measure, it is something that should have been decided only after full and exhaustive hearings.

Actually, two people appeared in support of the language carried in the bill; 6 or 8 appeared in opposition to it. The Tariff Commission had nothing to say about it. The State Department did not recommend it. The Department of Commerce had nothing to say about it. The Department of Defense had nothing to say about it, insofar as the record is concerned. Actually I believe it can be shown that each of these departments is opposed to the substitute and to the language carried in the bill.

Quite a bit has been said about the effect of these importations upon American business. Actually, excise tax collections on American weapons has steadily gone up in the last 2 or 3 years. This is on domestic sales of American weapons, at the time when the foreign weapons were being imported in growing numbers. The volume of sales of American weapons has gone up from \$52 million in 1946—remember I am talking about American weapons—to over \$160 million in 1957. Admittedly recent sales are down. So are sales of autos and nearly all other American products. The volume of imports is very small in comparison with the volume of total sales and most of the imports are of such higher priced products as Browning weapons. The would not be shut out under the substitute.

Finally, Mr. Chairman, sportsmen, tradesmen, repairmen, importers, many other small-business men as well as publishers all are seriously concerned with the impact of the language of the bill and with the substitute language proposed by the gentleman from Connecticut [Mr. MORANO]. I submit that the substitute should be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I think everybody agrees that the language in the committee bill does not do what the committee had in mind and should be amended. The only question is whether to adopt the Sikes amendment or the Morano amendment. I prefer the latter, because while the Sikes amendment would take care of what the gentleman from California [Mr. ROOSEVELT] called the American racketeers in this business of selling surplus military rifles, the Morano amendment will take care of the foreign racketeers as well. I believe both should be under the ban.

The gentleman from California [Mr. KING] said that it would be difficult for our customs service to administer im-

ports under the Morano amendment. I do not see why. All an importer would need to do is to produce an invoice, showing that he has purchased say a thousand military rifles from a certain foreign manufacturer. Those would come in without the slightest difficulty. But if he got them from some racketeer or was himself dealing under the table in discarded surplus military rifles, then he could not get them through the customs under this amendment. That is what the committee intended, and that is exactly what the Morano amendment would do. Mr. Chairman, I hope it will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. MORANO].

Mr. MORANO. Mr. Chairman, to begin with, I wish to correct a statement made by the distinguished gentleman from Florida [Mr. SIKES] in which he said that the State Department did not appear. The State Department did appear. He said that small business is affected.

Mr. SIKES. Mr. Chairman, the State Department did not appear in support of the gentleman's language, but only for explanatory testimony on the basic munitions language. I repeat the State Department did not say a word in support of the language of the gentleman from Connecticut.

Mr. MORANO. Mr. Chairman, I decline to yield.

The committee considered the position of the State Department and of all other interested parties. Now it is said that small business is involved here. I asked the lawyer who represented small business—and incidentally, there is so much concern on the part of Members from California because of the Pasadena Firearms Co., an importing company in California. That is the concern of the Members from California, and I appreciate it. But I asked the attorney how many people were involved and he said 60 people in all of these companies that import these rifles.

Let me say something about the industry in America. There are 22 manufacturers with major assets in 12 States. There are 1,000 wholesalers. There are 130,000 retailers in the United States who are now handling and have for many years American-made small arms and ammunition. If anyone is talking about small business, the small arms and ammunition industry is small business. How can you compare 60 people whom the California Members are trying to protect with the people employed by over 130,000 retailers, and 1,000 wholesalers, who are involved in this industry? That is the issue in addition to the safety issue. Do you want the importers of these Carcano rifles to bring in rifles that will explode in your face? We had such testimony from a representative of the State Department to that effect.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the difference between the Sikes amendment and the Morano amendment is that the Morano amendment not only applies to American-made arms that had been

shipped under lend-lease or arms aid or anything like that, but also to foreign-made arms that have been declared surplus. It does not interfere with brand new articles imported here in a regular and honest way. We all know what sort of things you find in these surplus stores, and the sort of picture they present. It seems to me that the only fair way of getting out of this situation and doing it in the most straightforward fashion is to adopt the Morano amendment.

Mr. CRETELLA. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Connecticut.

Mr. CRETELLA. Mr. Chairman, I happen to have the honor of representing the district that at one time manufactured the bulk of the arms of the United States. I am referring to the Winchester Repeating Arms Co., makers of famous Winchester guns. At one time they employed more than 10,000 people, or thereabouts, which has dwindled to a mere handful in comparison. Many of these people came to me individually and collectively with tears in their eyes and fear in their hearts, telling me that they are being driven out of work. I walked all through that factory, and I can tell you that it is a hollow shell compared with what it was, all because of these arms importations.

I shall support the Morano amendment enthusiastically and wholeheartedly and oppose the Sikes amendment.

Mr. TABER. I will say to the gentleman that I have the same kind of situation with respect to a factory that makes these products in my district.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Chairman, I think the substitute amendment offered by the gentleman from Connecticut [Mr. MORANO] attacks the full problem. The amendment offered by the gentleman from Florida attacks only part of the problem. I am in full agreement with the position taken by the gentleman from Connecticut [Mr. MORANO] and I shall support his substitute amendment.

This matter was carefully studied by the Committee on Foreign Affairs and I understand committee members unanimously approve the substitute. In view of the committee position I feel that the House has adequate assurance that the proper way to approach this matter would be through support of the Morano amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, it seems almost ironical to me that we should even be considering an amendment of this nature in connection with a Mutual Security bill. I think if the present program continues for many more years, and it appears notwithstanding my objection that it will, we will undoubtedly find ourselves considering similar legislation in many other fields in future Mutual Security bills for we are also likely to find back on our markets a volume of other things that we are shipping as part of the mutual-security program.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close debate.

Mr. MORGAN. Mr. Chairman, I rise in support of the Morano substitute.

Testimony was offered before the Committee on Foreign Affairs that these rifles were purchased at 79 cents apiece, brought into this country, and sold for approximately \$15 apiece. This is big business. In the first month of 1957 imports increased over 1,000 percent over those of 1955. In the first 11 months of 1957 there was another increase in imports of 145 percent. The attorney that represented these people testified before the committee that 70,000 of these rifles have been imported into this country. It is really big business.

I think the Morano amendment is correct, and I ask that it be adopted.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired.

The question is on the substitute amendment offered by the gentleman from Connecticut [Mr. MORANO].

The question was taken; and the Chairman being in doubt, the Committee divided and there were—ayes 83, noes 63.

Mr. SIKES. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SIKES and Mr. MORANO.

The Committee again divided, and the tellers reported that there were—ayes 97, noes 100.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. SIKES].

The amendment was agreed to.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have here a telegram which was just delivered to me from the Ambassador of the Dominican Republic. I want to keep the record straight and be fair to everybody. He is complaining about some of the comments and criticisms about young Trujillo. I have not tried to read all of the telegram but I will make it available to the press and insert it in the RECORD. He says, among other things:

The Dominican Government does not accept either gifts or cash money from others.

I do not know exactly what this money is in the bill, but there is \$600,000 in it for the Dominican Republic.

I quote again from the telegram:

In the case in question the reports are gross fabrications to create confusion and ill feeling. General Trujillo Jr.'s expenses during his stay in the United States are paid by him out of a \$50,000 monthly allowance which he receives from his father.

It says in here this is an allowance to pursue his studies. I submit to you that if he keeps on fooling around with Zsa Zsa Gabor, who apparently is the most expensive courtesan since Madame de Pompadour, the old man is going to have to raise the ante.

It must be the same in any instance. They are not going to take any money from the United States, but there is

\$600,000 in this bill, and the boy is getting \$50,000 a month. If my Ohio arithmetic is correct, \$50,000 times 12 is \$600,000, the amount they are going to get from the United States. Of course they make the point that this is not the same cash. Well, I do not know how you are going to distinguish one \$50,000 from another, but the fact still remains that he is getting \$50,000 a month, and we are giving them \$50,000 a month. He says Secretary Jose Garcia, who is supposedly the author of this statement, has indicated "It seems rather strange that some Americans resent the fact that a person temporarily residing in the United States spends his own money freely."

I have no objection to him spending his money freely. I just think that we ought to quit giving them any money. Perhaps I have been too rough on him, because when you get down to it he is following the "Buy American" act, is he not? He is doing what the President said; even though he has a wife and six children, he is doing what the President says, "Buy now."

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WITHROW. Mr. Chairman, I move to strike out the last word.

I believe that the Mutual Security Act is extravagant, but I do hope that if this bill is passed it will be a success. I do not believe that the sniping that is going on by a few in regard to the Dominican Republic is in anyway helping expedite the administration of the Mutual Security Act. I say to you, as I have said innumerable times on this floor, and almost all of you have stated that you believe that the people should have the government they want. I believe in that. I do not believe in meddling in the internal affairs of any government. That applies to the Dominican Republic. Instead of sniping at the Dominican Republic, I believe that we should read the record as to the accomplishments of that country during the 27 years that Generalissimo Trujillo has been the head of that great country.

I have in my hand a study mission in the Caribbean area made in December 1957.

This report was made by Senator GEORGE D. AIKEN to the Committee on Foreign Relations of the United States Senate. The report is dated as of January 20, 1958. I quote from the report:

The Dominican Republic: The economy of the Dominican Republic is sound and the people have a much higher standard of living than in most other countries in the West Indies. The nation has no external debt, and the only internal debt consists of a variable but considerable amount due to commercial creditors of the government within the country.

There are good roads throughout the country, and more roads are continuously being built with modern construction equipment.

The social-security system which will go into effect in 1963 provides better benefits proportionately to the per capita incomes prevailing than the Social Security System of the United States.

The Dominican Republic has compulsory education. Even adults who cannot read or write are required to attend school.

The laws of the country on sanitary requirements are modern and are enforced by government inspectors. Painting of all homes and buildings is required by law. Medical facilities are readily available.

It is an understatement to say that the political situation in the Dominican Republic is stable. It has been stable during the entire 27 years while the generalissimo has been in power.

United States investors have holdings worth \$93 million in the Dominican Republic and seem well satisfied with the cooperation given by the Government. It is a good place to do business. The labor laws of the country encourage steady productive work.

The generalissimo has cooperated fully with the United States leadership in world affairs and in the defense measures which the United States has urged in the Caribbean area. He has provided a beneficial climate for foreign investment and a rising standard of living for his people.

I say to you it is about time that we stopped this sniping. They have a government which has accomplished much for them, and it is the government they want.

Mr. PORTER. Mr. Chairman, will the gentleman yield for a question?

Mr. WITHROW. I yield.

Mr. PORTER. Do the trains run on time?

Mr. WITHROW. I do not know about that. You as a junior Member of the House went down there, and now you are an expert.

Mr. PORTER. I beg pardon?

Mr. WITHROW. I understand just exactly what you are after, and there is no point to it at all. I would think that you would be ashamed to attack these people and their Government.

Now, as a matter of fact, this young man—

Mr. PORTER. Mr. Chairman, will the gentleman yield for a question?

Mr. WITHROW. I do not yield.

This young man who came here to this country is no different from many others.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WITHROW. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. WITHROW moves to strike out the enacting clause.

The CHAIRMAN. The gentleman is recognized for 5 minutes in support of the preferential motion.

Mr. WITHROW. Mr. Chairman, I will not use the entire 5 minutes, but I do want to say that I think this whole affair of the Generalissimo's son is being blown up all out of proportion to its real importance. This young man who is spending his money honorably—

Mr. YATES. Will the gentleman repeat that word? I do not know that I heard him correctly.

Mr. WITHROW. Although you may want to make light of the thing, I say that you are not helping our situation abroad one single solitary bit. As a matter of fact, this young man is spending money in this country. I would like to have you know that there are a great many other countries in the world which restrict their citizens on the amount of money they may take abroad

which will not permit them to come to this country and spend money in sizable amounts which in turn helps all of us.

It is not necessarily true that he spends \$50,000 a month. In addition to that, let me say that the antics of this young man, although I do not commend them, are no different than the antics of many other sons of wealthy people throughout the world and in the United States.

I say to you that it behooves us to be a little bit dignified and to not point the finger at other countries when we are trying to do business with them and when we are trying really to be helpful.

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I hesitate to take issue with my very good friend on this subject, but apparently, if I heard him correctly, we are having a whole new set of moral codes drawn up here this afternoon. I do not know, of course, what the quid pro quo was for the \$17,000 chinchilla coat and the \$18,000 automobile, but, when he says that this young man is not acting any differently than lots of American young men, I submit to him that I think this would get on the front pages no matter who did it, whether he was from the Dominican Republic or not.

Now, I have no evidence that the boy is spending—this young man, as he is called, 29 years old and the father of six—I have no evidence that he is spending the whole \$50,000, but I have reliable information that, in addition to his monthly allowance, when he came here, he deposited \$1 million in a Kansas City bank to his checking account. And, if you are going to buy Mercedes-Benz automobiles and chinchilla coats at that price, you need a million. You cannot do it with a small account. And he has rented the whole floor of a hotel. I did not start this. Life magazine started this argument by pointing out that he was spending in excess of \$1 million a year and that we were giving them foreign aid, and I merely said in executive session that this is the kind of inane action that makes it difficult for anybody to support this program. And one weekend—I am not finding any fault with it—the committee released testimony, 600 pages of it; and the only thing the newspapers printed was what I said about Trujillo. I was out of town. I did not know they released it. I was amazed when the papers called me, and I asked them how they got this information. But I do say to you in all sincerity and honesty that this kind of goings-on makes it a little difficult to go home and say you voted for foreign aid, and I just think I would like to have an answer to my letter which I sent to Secretary Dulles on the 23d of April as to who made the decision to give them \$600,000. And I point out further that \$600,000 is the amount that the Dominican Ambassador says young Trujillo is receiving as an annual allowance, only he is getting it in monthly installments.

Mr. SCHERER. Mr. Chairman, if the gentleman will yield, do I understand from what the gentleman said here on

the floor this afternoon that he is now going to vote against this?

Mr. HAYS of Ohio. Now, the gentleman knows better than that. I happen to be a dairy farmer, and I have had 1 or 2 of my cows get brucellosis, but I did not burn the barn down because one of the cows got sick. And, I am not going to vote against this bill because some people say that money is passed out indiscriminately to people who do not need it, because I think you have to make a determination of what is in the bill, whether there is more good in it or more bad in it. And, I think there is far more good in it than bad.

Now, may I stop and say this. I have not paid tribute to the acting chairman of the committee. He has done a grand job. And, when he sets up the watchdog committee for the Committee on Foreign Affairs, the watchdog committee, to keep track of this matter and let the ICA know that for the first time in 10 years somebody is breathing down their necks, I think there will be far fewer incidents of this kind.

The CHAIRMAN. The question is on the motion.

The motion was rejected.

The Clerk read as follows:

CHAPTER III—SPECIAL ASSISTANCE AND
CONTINGENCY FUND
Special assistance

SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (11) (B) of section 501 of this act as section 450 of chapter III of the Mutual Security Act of 1954, as amended, which relates to special assistance, is amended by striking out "1958" and "\$250,000,000" in the first sentence of subsection (a) and inserting in lieu thereof "1959" and "\$185,000,000", respectively; and by striking out all following "stability" in the first sentence and all of the last sentence and inserting a period.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY of Michigan: On page 17, line 4, strike out the figure "\$185,000,000" and substitute therefor the figure "\$100,000,000."

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, if I may have the attention of the Committee for just a moment I should like to say that for this special assistance item, the Administration originally asked \$212 million, which the Committee reduced to \$185 million. This is nothing more or less than the successor to long-range economic development. It is all on a grant basis. None of this money is going to be repaid.

Although the amounts on a country basis are classified, if anyone wants to know which countries are going to be receiving this long-range economic grant assistance under this particular program, let them turn to page 48 of the committee report and look at the map, and remember that among the countries shown there there are two, to which I shall specifically refer—Indonesia and Yugoslavia. If they are not communistic at the present time, they are getting very close to it indeed.

Mr. Chairman, my amendment merely reduces the figure to \$100 million which I believe will be adequate for the purposes of giving this economic grant assistance where it is genuinely needed. But I do not think it is needed specifically in those two countries. I hope the amendment will prevail.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I look at the committee report I realize that this is one place where our report does not do justice to a very important part of this bill. There are 21 nations that will receive funds from this special assistance item. The committee has already cut the amount, as has been said, from \$212 million to \$185 million. The amendment would cut it \$85 million more, or cut the whole proposed activity in two.

This is not long-range assistance. Most of this is keep-going assistance year-by-year. Let me read the countries that are to receive aid under this section.

Berlin: That heroic spot where, as somebody said the other day, the Russians made the great mistake of having a show window for the West right opposite a show window for the East. While Germany itself has long ago become self-supporting, there is some money in here to help Berlin keep going.

Iceland: Remember the strategic importance of Iceland. Yugoslavia: We have taken care of Yugoslavia by adopting 1 and defeating 2 amendments so far, so the House has definitely shown that while they want to keep Tito's feet to the fire by a special section, we are not going to cut him off.

Then come 5 countries in Africa that are to get \$83 million.

The amounts by areas are not classified and are here at the desk.

Twenty-six million four hundred thousand dollars for Berlin, Iceland, and Yugoslavia.

For the 5 African countries, \$83 million, Ethiopia, Libya, Morocco, Somalia, and Tunisia. You may have heard about some airbases in some of those places.

Part of this money through these countries and others which I shall mention is for internal security forces. In view of what is happening in Lebanon right now, and that is one of the countries in here, I think you will agree that it is important that some of the new countries have adequate internal security forces, police forces.

Now we come to the Near East and the southeast, Afghanistan, Iraq, and Israel. This is the part of the bill where Israel gets consideration. Jordan, this country that must be aided by somebody since the British quit or it is going to fall apart or fall into Nasser's lap.

Lebanon, Nepal, Sudan, and Yemen. Those eight countries get \$48 million between them.

In the Far East there are 2 countries, Burma and Indonesia, and those 2 countries together get \$6 million.

Now listen to Latin America. We are kind of interested in Latin America, today. Bolivia, Guatemala, Haiti. Between them, they get \$25,600,000. Guate-

mala, where they resolutely threw out a Communist regime. Bolivia, which has so far been able to hold up its head against similar threats. Haiti, that first Negro Republic in the world, which faces constant difficulty.

Are you going to cut all of that in two? That is what this would amount to.

Then here is one program that goes all over the world, malaria eradication. Our share is \$25,600,000. It is the most imaginative thing this old world has undertaken in a long time. As I get it, if malaria is to be wiped out, it has to be done all over the world at one time or the mosquitoes will catch up and become immune to DDT.

We have launched this program. Let us not cut it in two. Let us not cut this whole important section of the bill in two.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The Clerk read as follows:

*President's special authority and
contingency fund*

SEC. 302. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (11) (B) of section 501 of this act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

(a) Insert "And Contingency Fund" after "Authority" in the heading of this section.

(b) Subsection (a) is amended as follows:

(1) In the first sentence, insert "for use" after "made available"; strike out "such use by section 400 (a) of this act" and substitute "use under this subsection by subsection (b) of this section"; strike out "pursuant to authorizations contained in" and substitute "for use under"; and

(2) In the second and last sentence strike out "section" both times it appears and substitute "subsection."

(c) Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$100,000,000 for assistance authorized by this act, other than by title II of chapter II, in accordance with the provisions of this act applicable to the furnishing of such assistance. Any of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section."

(d) In the last sentence of subsection (c), insert "subsection (a) of" after "under."

CHAPTER IV—GENERAL AND ADMINISTRATIVE
PROVISIONS

General provisions

SEC. 401. The chapter designated by paragraph (15) of section 501 of this act as chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is further amended as follows:

(a) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: "Sales of fresh fruit and the products thereof under this act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, 73d Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended)."

(b) Section 510, which relates to purchase of commodities, is amended by striking out "title II or" in the first sentence.

(c) Add the following new sections immediately after section 515:

"Sec. 516. Prohibition against debt retirement: None of the funds made available under this act nor any of the counterpart funds generated as a result of assistance under this act or any other act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this act.

"Sec. 517. Completion of plans and cost estimates: After June 30, 1958, no agreement or grant which constitutes an obligation of the United States under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except sec. 306) of chapter II, or section 450 (a) —

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within 1 year from the date the agreement or grant is made.

All funds obligated for assistance pursuant to each agreement or grant described in subparagraph (1) or (2) of this section shall be used only to liquidate the obligations pursuant to such agreement or grant, and any funds not so used shall revert to the Treasury of the United States. This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

"Sec. 518. Protection of United States economy: Operations under titles I and II of chapter II shall be reviewed at least once a year by a committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, and the Secretary of Agriculture for the purpose of determining whether such operations have adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. If the committee finds that the economy of the United States in general or any area of substantial labor surplus in particular has suffered undue adverse effects as a result of such operations, the committee shall make appropriate recommendations to the President and the Congress."

(d) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out "for the fiscal year 1958"; and in subsection (c), strike out "Not to exceed \$18 million" and substitute "Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26 million", and add the following new clause before the period: ", and not to exceed \$2,750,000 of funds made available for assistance in other countries under this act may be used (in addition to funds available for such use under other authorities in

this act) for construction or acquisition of such facilities for such purposes elsewhere".

(e) Amend section 543 (d), which relates to saving provisions, by striking out "Act of 1956 or the Mutual Security Act of 1957" and substituting "Act of 1956, 1957, or 1958" in the first sentence and by inserting the following new sentence after the second sentence: "Until June 30, 1958, funds used for the purposes of this act shall be so used in accordance with the provisions of this act as in effect prior to the effective date of the Mutual Security Act of 1958."

(f) Amend section 545, which relates to definitions, as follows:

(1) In subsection (j), insert "the Development Loan Fund and" after "refer to" and strike out "title II."

(2) In subsection (k), insert "the Board of Directors of the Development Loan Fund and" after "refer to" and strike out "title II."

Mr. BENTLEY (interrupting the reading). Mr. Chairman, I ask unanimous consent that section 401 be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BEAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEAMER of Indiana: On page 19, section 516, following line 13, add the following: "*Provided further*, That none of the funds made available under this act nor any of the counterpart funds generated as a result of assistance under this act or other act shall be given to any country that has reduced its own budget or made any tax reductions to its citizens."

Mr. MORGAN. Mr. Chairman, I make a point of order against the amendment and will reserve the point of order so that the gentleman may speak on his amendment.

Mr. BEAMER. Mr. Chairman, I bring this subject to the attention of the committee because I think it is a very important provision in this bill. First of all, I want to commend the committee because they have included this section 516 which is a prohibition against debt retirement. As I read the amendment, it merely says that none of the money that is being given by the United States in foreign aid to any of the countries shall be used by that foreign country to reduce its debt or to refund any money to the people as a result of any tax reductions. I want to call attention to the fact that this country, I think, needs to reduce its debt just as much as any other country. The gentleman from Illinois [Mr. McVEY] the other day made this very important statement in the RECORD and I will read it:

We read frequently of balanced budgets and tax cuts on the part of other nations. England has had 5 tax cuts in 7 years. The British treasury anticipates that revenues will exceed spending during the coming year by \$1.3 billion. The Government is now thinking of a sixth tax cut. The United Kingdom received under lend-lease agreements \$341,462,000, and in grants-in-aid \$3,798,179,000. During most of these years, our people have received no tax cuts, and they have labored under the greatest taxload in history.

Mr. Chairman, I have attempted to make this amendment very simple and

very brief. I believe it is very self-explanatory. It merely goes a little bit further than the present amendment that the committee has written into the bill. It would say that no money will be given to any country that is reducing its debt or is making any tax cut. I think the American public is entitled to this protection. The American public today, our own people, my people and your people in our respective districts, are staggering under a tax load. I cannot help but believe there is a question in their minds when they find that their money is going to countries—and even though the money itself is not being used to cut their taxes or to reduce their debt, but that the same funds are being used to reduce the debts of other countries while we are adding to ours. So I want to present this to you, and I hope the committee will give serious consideration to it, and I hope the acting chairman of the committee will not make a point of order against it at this time because I believe it merely adds to the legislation, and I do not see where it is out of order.

Mr. Chairman, I wish to give an additional touch to this picture.

I am sorry that I do not have statistics later than 1956. I believe if I had more recent statistics it would more strongly bear out the argument. This report is from 26 nations, exclusive of the United States, who are receiving funds. Our Federal debt is nearly twice as great as the total of those other 26 countries. I think we should begin to consider this point. Federal spending by some of those other countries is listed—I can give you the source of my figures—but the United States had a budget of nearly \$72 billion. The other countries, not including the United States, had a budget of spending of \$59,802,000,000—a great deal less than our spending program. I do not have the Soviet spending but it is probably \$42 billion. The United States budget is some 17 percent greater than the combined spending of the other 32 countries. I submit to you that our people back home are entitled to the type of protection afforded by this amendment. I suspect that many of us would like to assist friendly foreign countries when they use the money properly, but when we find them reducing their debt and their taxes, I am quite sure the people back home, likewise, would like to see their taxes reduced.

Mr. MORGAN. Mr. Chairman, I renew the point of order. This amendment is not germane, and goes far beyond the scope of the section that the amendment applies to.

The CHAIRMAN (Mr. Boggs). The Chair is prepared to rule.

Upon examining this section, it is obvious that the section contains several prohibitions against debt retirement, and the other section contains many other prohibitions relative to the use of these funds.

The amendment offered by the gentleman from Indiana simply adds an additional prohibition.

In the opinion of the Chair it is germane and is in order.

The Chair overrules the point of order.

Mr. VORYS. Mr. Chairman, I rise in opposition to this amendment.

This amendment represents something that sounds very nice, and would be disastrous. The reason we furnish assistance to any of these countries is not based on their tax situation or their debt situation. Some of these countries are so shaky that they probably cannot collect the taxes they have levied. Some of them certainly cannot pay the debts they already have. To use this as a basis to clamp down such a stranglehold on the whole program misses the idea of the mutual security program. For instance, there has been some criticism that in one country we furnished more airplanes than they had pilots ready for training. Well, that country went back on its advance commitment to have the pilots ready to fly these airplanes. So what we have done is not to snatch back those airplanes but to try diplomatically but forcefully to get that country to live up to its commitments to furnish pilots. We are not only helping countries that are willing to defend themselves and join in this struggle for a free world; we are helping countries at times in order to stir up their will to defend themselves. If we put this sort of prohibition on the whole thing we simply get away from what this whole bill is about.

I hope the amendment will be defeated.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JUDD. Is it not true that in this act the aid we are giving is almost entirely to countries that we believe need something in the interest of their and our overall security, which only dollars will buy?

If they have a surplus of their own local currencies, which will not buy those things from abroad that they need to become strong, and they want to use those local currencies to retire their national debt and thereby further strengthen their economies, that does not cost us any additional money. In fact, it helps us with our basic objectives because it makes them sounder. Why should we penalize them for going ahead and reducing their debt with their own currency which we could not use for the purposes of this act anyway?

Mr. VORYS. They are trying to get their house in order.

Mr. JUDD. That is right.

Mr. VORYS. That is one example of how this amendment might work.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. CURTIS of Massachusetts. Is it not also true that this amendment would result in more interference in the internal affairs of other countries, more strings attached to the aid which we are giving other countries? We read in the papers every day that Russia is successful in her foreign-aid operations because there are no strings attached. Here is an effort to inject us further into the internal affairs of other countries and attach more strings to our aid.

Mr. VORYS. It puts us into the internal affairs of every country on earth that is in any way a part of this program.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, it is my hope that everyone heard that last argument, the last two arguments made by the gentleman from Ohio and his colleague in opposing this amendment. The last one was that we should be very, very careful that we did not interfere in the internal affairs of other nations. What have we been doing all the time?

Since the Marshall plan was adopted, have we not been telling them how to use this money? But at the same time shoving it out in billion-dollar chunks without an effective restriction attached.

Now the committee comes along and quite frankly says: "Give it to them and let them spend it."

The argument of the gentleman from Ohio was: "Never mind about the taxes we have to pay; we must not interfere over there; it is none of our business if they do not pay any tax, or just give them more money so they can pay theirs. Enough so they can pay off their national debt." And they never can compete with us in the magnitude of their public debts; we have a larger one than any other country. A debt perhaps larger than the sum total of all their public debts. But do not worry about that. And do not worry about the \$8 billion and interest a year which we must pay. Just dig it up.

Presumably, like other Members of the House, when I went over to the office a little while ago I found this book on my desk, a good one: "Waging Peace. By a Businessman." See it? You have one. Let me read you what it says on page 40:

Once weapons now on the drawing boards and in the laboratories are perfected and produced in quantities, man will truly possess the ability to blast himself off the face of the earth. Military defense against them is an almost insurmountable problem, and civilian defense is an utterly fantastic concept. The only real defense against such weapons is to prevent their use. This calls for nothing less than elimination of war.

We are all for that except, they say, Russia, and as to that I do not know.

And how will we eliminate war? By joining a one-world organization? How silly from a realistic viewpoint. All the world's nations in one big group and all agreeing on a program for peace. If possible, the world would be an ideal place to exist. But until Christianity comes to all the world we will not attain that desired end.

But let me go on. From page 242 I quote the following:

If we approach the Red China situation from a long-range view, we see the necessity of its membership in a strengthened United Nations.

And they refer us to chapter 15.

That is to say China is now on the outside. We are fighting Communists. China is a communistic country; so instead of keeping them outside the fence outside the house, the gentleman from Minnesota, the good doctor whom I love so dearly, would just take them in. Then they would be in the kitchen cooking up

an awful mess—in the bedroom plotting to murder the homeowner when asleep.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Sorry. I cannot. I continue reading from the book:

Universal enforcible disarmament cannot be undertaken unless Red China is included. From this point of view, we might take a position opposing admission of Red China to the present U. N., but agreeing to admit Red China as part of a plan for a strengthened United Nations. This would not only strengthen our position with our allies but it would also give us initiative in pressing for charter review.

That is the Charter of the United Nations.

Then a little further:

Membership in a strengthened U. N. would require Red China to submit to world law and to turn over its armaments to the U. N.

Suppose Red China says "No."

Russia vetoes the move as she now has the right to do. A war to enforce the demand? Certainly. But—the objective is peace. We fought one war to end all war. We have been in two since.

Suppose China did not do what it was told to do when it got in; what would you do, kick it out? Either that or send our men to again fight not under our flag but that of U. N.—not for the preservation of our country but to carry out the will of around a hundred other nations—each with other views, thoughts, objectives.

Over here, on page 247, "the sixty-four hundred thousand dollar question," we have the answer:

Given enough time, the Soviet dictatorship will run its course, as have all others. Given enough time, the ideology of communism will collapse, as have all others which are contrary to human freedom and moral law.

A statement many times made.

So, where do we go and what do they advocate, those of this philosophy as expressed in this book? What do they advocate? What do they want? Do you know what they want? I have been satisfied, at least fairly well impressed, with one government under our Constitution. They want us—and they put it clearly—to surrender our independence. Join a one-world organization where we are outvoted, where the only major thing we can or will be permitted to contribute is our wealth and our resources. Yes, put us in and make us become subject to all these other nations, and they will ruin us. What, then, would be the use or the function of a Congress? Well, listen to these advocates of a "one world." Has our Government failed to such an extent that we must abandon it? Surrender to nations who are so weak we must impoverish ourselves to insure their continued existence?

The one-worlders, the all for foreign aid boys would haul down our flag, the stars and stripes, haul up that of the United Nations, take our soldiers, draft them, where some other countries do not draft them, and place them under the generalship or orders of a foreign commander. To fight for this country? Oh, no; no, no. To fight for what a majority of the nations in the one-world organization wanted

at the moment to accomplish. That is one result that might well come to pass if we follow the argument of this book, *Waging Peace*.

Evidently the author has lost all faith in our form of government, in the courage of our people, in our ability, in our willingness to sacrifice, our endurance, our desire for freedom. He would have us become one State in a United States of the world.

Far better to conserve our resources—including our youth—keep ourselves strong—able to meet any foe.

Just a little of the faith of the hundreds of thousands—yes millions—who have died to preserve us a Nation would save us and our Nation.

Mr. BRAY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the people of the Midwest, especially from the great State of Indiana, have often been accused of being "isolationist" or unfriendly to the remainder of the world. Such is not the case. I doubt that any group has a greater unselfish compassion for the welfare of his fellow man, wherever in the world he may be, than do Hoosiers. No one will deny that United States foreign aid has helped the living conditions of people in many places of the world and has assisted greatly in rebuilding the ravages of war. The world has never known before such liberal giving to help others as has been demonstrated by the American people and their Government—gifts to the extent of more than \$100 billion.

But today there is a growing sense of nationalism, especially in the smaller countries throughout the world; there is an intense resentment against even a "big brother" assistance from a more powerful and friendly country. That growing sense of nationalism has caused these people to want to make their own mistakes, work out their own destinies without aid even from a well-meaning, benevolent country.

Although I have been sympathetic to world needs, I have consistently opposed our foreign aid appropriations for a variety of reasons.

First. Some of the programs were, I felt, unwise and misdirected.

Second. Some of the nations would be better off meeting their problems in their own way.

Third. The extravagance of some programs were an unnecessary burden on American taxpayers.

Back in Indiana the good neighbor is ever friendly to his fellow men but he never interferes in the personal and family life of his neighbors. For more than a quarter of a century one of the most popular comic strips of the Midwest was *Roger Bean* by the late *Chick Jackson* of the *Indianapolis Star*. This strip was very close to human nature and often had a character named "Mrs. Probe" who represented what we Hoosiers term a "buttinsky." She was, though probably well-meaning, always interesting herself in and interfering in the personal problems of her neighbors. I do not believe that we are becoming a "buttinsky" in the affairs of other countries; but perhaps we should pause for a moment

in an attempt to see ourselves as others see us.

It would be well for us to give thought to our famous American tradition which has carried us so far, "Mind our own business."

Mr. BEAMER. Mr. Chairman, will the gentleman yield?

Mr. BRAY. I yield to the gentleman from Indiana.

Mr. BEAMER. I want to compliment the gentleman. I know what he is driving at, and I agree with him, in saying that the people of Indiana and of the entire United States are interested in tax cuts. And, I want to compliment, if I may, our neighbor country to the north. Canada has reduced its taxes 11 times since the close of World War II. How many times have we reduced our taxes? I think it is an embarrassing question we are asking ourselves today. I wonder if it is not time to think about the people back home as well as the people abroad. Yes, we are sympathetic, as the gentleman from Indiana [Mr. BRAY] has said; we are very sympathetic, and we are going to help wherever we can.

We are going to help wherever we can, but God helps those who help themselves. I want to compliment my colleague from the Seventh District.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there are only two countries involved here that have had any reduction in taxes. One is the United Kingdom and the other is Germany. Going over the percentages paid by each country for taxes, as compared with gross national product, the United States pays 25.8 percent, but England pays 29 percent and some other countries pay as high as 34 percent. I think, as the gentleman from Massachusetts [Mr. CURTIS] has stated, this certainly would be interference in the internal fiscal affairs of the countries involved.

Mr. Chairman, I ask for a vote against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was rejected.

Mr. HAYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAYS of Ohio: On page 22, after line 15, insert:

"(g) Assistance to the Dominican Republic: No funds authorized by this act may be used to provide assistance to the Dominican Republic."

Mr. HAYS of Ohio. Mr. Chairman, I think this amendment is self-explanatory and in line with the telegram from the Ambassador of the Dominican Republic, saying they wanted nothing from anyone else and will accept nothing from anyone else. This makes it sure that they will not get anything under this act. It takes \$600,000 out. That is all it does.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret to oppose the amendment introduced by my friend from Ohio, for whom I have a very high regard. However, I am sure the membership of this House does not intend to legislate on the basis of personalities.

The gentleman from Ohio had his fun. Now let us look at this amendment realistically. Since the classified amount for the Dominican Republic was identified to be \$600,000, let us clearly understand why we are authorizing that amount. Four hundred thousand dollars is for military assistance and \$200,000 for technical assistance. Of the \$400,000 not one dollar is given to the Dominican Republic. The \$400,000 enables the Dominican Republic to buy military equipment in order to assist us in defending and strengthening the Western Hemisphere.

Mr. Chairman, I want to say that I am not condoning anything that General Trujillo is doing in this country. Nor do I carry a brief for the President of the Dominican Republic. But I do think we ought to bear in mind and to keep the proper perspective what this amount is for. It is \$600,000 for our own defense. If for one minute I was assured, and if the gentleman from Ohio [Mr. HAYS] could give proof, that the money authorized under the mutual-security bill was handed over to General Trujillo I would be the first to oppose the authorization.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman.

Mr. HAYS of Ohio. I cannot prove that they use the exact dollars, but I do not think it would make a very good case if we were to give him \$600,000 that he would not have \$600,000 with which to do something else. In other words, it does not make any difference whether it is the exact money that he uses, it is an equivalent amount.

Mr. ZABLOCKI. It may be an equivalent amount but the sum spent by General Trujillo is personal money and the other is money made available to the Dominican Republic to buy military equipment to add to the security and the defense of the Western Hemisphere.

Since the gentleman from Ohio saw fit to read only parts of the wire he received from the Dominican Ambassador, I suggest he permit me to read at this time the entire message.

Mr. HAYS of Ohio. Just a minute. The gentleman is not going to impugn my motives. I said I would put the whole wire in the Record, and it will be in the Record. I just did not take time to read it all. You are going to make a show out of \$45,000 that they pay to the naval station down there. That is a lot of money out of \$600,000.

Mr. ZABLOCKI. I thank the gentleman for reading that portion of the telegram at this time. I invite him to read also the part which states that the aid expended by the United States Government to the Dominican Republic under the MSA agreement has consisted of limited military equipment. Also that portion relating to the cooperation extended by the Dominican Republic to the American personnel stationed there.

Mr. HAYS of Ohio. I am going to put it in the Record at this point. I will have to get permission from the House.

Mr. ZABLOCKI. The gentleman should have read the entire wire, in fair-

ness, so there would not be a misinterpretation of fact. I am not impugning the gentleman's motives. The gentleman has done what he thought was his duty. He has had his fun. I think the Members of the House ought to know exactly the reason the House Committee on Foreign Affairs reported the \$600,000. I only hope that every Member of the House has had an opportunity to look at the secret books. The gentleman from Ohio had access to the books which disclosed the amount and reason for the authorization.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Minnesota.

Mr. JUDD. Just once again it needs to be said that here, as almost everywhere else in the foreign-aid program, we do not furnish other governments dollars. The dollars are mostly spent here or for our personnel working in those countries. May I cite one of the things we are doing with our money. Our technical assistance to the Dominican Republic has created a nucleus of professional Dominican educated personnel which it is hoped will influence Dominican educational processes toward the goal of social, economic, and political advancement of the Nation. Nobody pretends the country has a particularly advanced population as yet. Their illiteracy is still about 50 percent. We have 9 and we hope next year to have 10 American technicians down there working to train this kind of personnel. We helped equip for arts and crafts a school which was built with Dominican funds. It has been in operation several years and has turned out 150 graduates in various skills needed by agriculture and industry. This is the kind of thing our money is going to, not to the head of the government.

Mr. YATES. I thought it was going to military assistance.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. DIXON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, of course we have some misgivings about the recent occurrence regarding the Dominican Republic, but may I plead with you to vote down this amendment. I testify first to the need for this technical assistance in the Dominican Republic. If you went down there you would see small inbred livestock up to their knees in fine feed but almost as thin as skeletons. They are eaten up from the inside and from the outside with parasites. Poor livestock is one of the causes of the terrible poverty down there. I could locate only two technical assistants in the whole country that could tell us anything about the causes. They said: "If we had more American technical people on this island we could transform the livestock industry and we could make a more prosperous, happy, contented people down here."

I hope that for the small amount of money involved here we will not go out of our way to express our contempt for that nation, and that is exactly what this motion does.

Remember this, that with all Trujillo's faults his was one of the few nations that sent sizable numbers of soldiers to Korea to fight side by side with our own boys. I do not think we ought to go out of our way to look for trouble and cut off our own nose to spite our face.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DIXON. I yield to the gentleman from Ohio.

Mr. VORYS. If any of the Members want to be informed about not only this small amount of technical assistance but for further reasons, I cannot go further than to urge you to look here and to remember your geography. Remember where Cape Canaveral, Fla., is, where the Dominican Republic is, and where the Panama Canal is. You get that geography straight in your mind and you will not insult a country by cutting it off in this way, something we have done to no other country.

Mr. DIXON. That is what I wanted to say next, because it is strategic to our safety and our peace.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. DIXON. I yield.

Mr. ZABLOCKI. If there were a possibility of the present Dominican Government being overthrown by force, we would not hesitate to spend millions of dollars to help prevent the country going Communist.

Mr. DIXON. We would have to spend it.

Mr. ZABLOCKI. Since we are getting assistance in the defense of the Western Hemisphere from the Dominican Republic it would be a mistake to adopt this amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. UDALL. Mr. Chairman, I move to strike out the last word.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield.

Mr. HAYS of Ohio. I would like to point out to the gentleman from Utah, I offered an amendment in the committee which raised the amount that the administration asked for technical assistance by an additional \$8 million. I am not against technical assistance. I think it is fine and I am for it. But, I say to you, unless you put up a warning flag to people like this Trujillo outfit to tell them that they cannot contemptuously do the kind of thing they are doing and then send a telegram to the Members of Congress, and I understand other Members received the telegram saying:

It is none of your business how he spends his \$50,000 a month.

I think you are going to have a hard time explaining back home to your people who are out of work why you voted to give them this amount of \$600,000. Of course, certainly, it is not the same money—we all know that—but if he did not get this \$600,000 maybe he would cut the boy's \$50,000 monthly allowance down. Of course, I would be all for that. I think it is time we put up a warning flag. If they show a little bit of restraint and if this fellow goes back to the Do-

minican Republic and practices his arts down there instead of flaunting them in the face of the American people that is one thing.

Now as to the missile-tracking station. There is one down there. The Dominican Republic is on the same island that the Republic of Haiti is on. There have been many differences between the two and you could say a lot about what Trujillo has done to the Haitians, but I will leave that out. But, there are plenty of places for missile-tracking stations and that does not have very much to do with it except to provide an excuse to keep this money in this bill. I would not be afraid to wager my last nickel that if we came to a record vote on this, there would not be many people who would want to stand up and go on record as being in favor of giving this amount of money.

Mr. UDALL. Mr. Chairman, I think the remarks of the gentleman from Ohio are most cogent and I yield back the balance of my time.

Mr. PORTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I only want to comment on the one thing which I think is uppermost in our minds here today and that is this \$600,000 important to the military security of the United States? Is this technical aid the quid pro quo which we have to pay to Mr. Trujillo so that he will allow us to do whatever is necessary to protect the Panama Canal in connection with his half of the island? I think just to ask the question is to answer it. If Mr. Trujillo is a part of the free world, as he frequently asserts, and if he is dedicated to the fight against communism, he is going to cooperate with us and he is going to cooperate to the fullest extent. He can not surely, condition his aid on our spending \$600,000 for technical assistance in his country. I would hope not. We need allies, of course, in the fight against international communism. Do we need to buy our allies by technical assistance in a country where, as we heard here this afternoon, they have one of the highest standards of living in Latin America? They are, we are told, on a good, sound, and stable financial basis. If there is need for a technical assistance program there, Mr. Trujillo, as we can see by the way he finances his son, is fully capable himself of financing it. So I support this amendment as I supported a similar amendment last year. I believe that the bill will be much better if we eliminate these funds. The argument as to our military security depending on the \$600,000 expenditure is not valid.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HAYS].

The question was taken; and on a division (demanded by Mr. PORTER), there were—ayes 32, noes 79.

So the amendment was rejected.

Mr. BENTLEY. Mr. Chairman, I offer an amendment on page 19, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 19, immediately below line 5, insert the following:

"(c) Section 511, which relates to retention and return of equipment, is amended by adding the following new subsection at the end thereof:

"(d) No assistance shall be furnished to any nation under this act until the President has entered into an agreement with such nation under which none of the equipment, materials, or commodities furnished under this act, the lend-lease program, or any other foreign assistance program, to such nation—

"(1) will be marketed in the United States in competition with equipment, materials, or commodities produced in the United States; or

"(2) will be used for the manufacture or production of equipment, materials, or commodities which will be marketed in the United States in competition with equipment, materials, or commodities produced in the United States."

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, this amendment can be explained very briefly. It simply states the following: If we are going, under this program or previous programs, to dispose of equipment, materials, or commodities overseas it says that nothing shall be furnished under this act unless there has been previously an Executive agreement that none of this stuff that we send over shall be returned here to be marketed in competition with domestic producers.

Or, second, that none of the material which we send overseas will be used for foreign manufacture or production abroad of equipment, materials, or commodities which subsequently will be marketed in the United States in competition with domestic products.

That is all there is to it. It is a protection to our manufacturers as far as possible. I do not have any objection to foreign competition, but I do not see why foreign aid money should be used to subsidize foreign manufacturers in competition with our domestic industry at this time. That is all there is to it.

I yield back the remainder of my time, Mr. Chairman.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

I do not suppose anyone in this Chamber can appreciate the objectives of this amendment more than I. I must say that I sympathize with the objectives of the amendment, but I think it is dangerous, for this reason. In our bill already we have taken two steps to create greater awareness of the problems of our domestic industry on the part of the administration of this program. We have required the Development Loan Fund, when it makes a loan, to take into account the possible adverse effects upon the economy of the United States, with special reference to areas or substantial labor surplus. This is a real factor. There are four factors enumerated in the bill. This is one-fourth of those factors.

We have added another section called "Protection of United States Economy." This says that once a year the operations under the mutual security program, insofar as the Development Loan Fund and defense support are concerned, shall be reviewed at Cabinet level for the purpose of determining whether such opera-

tions have adversely affected the economy of the United States.

That is again with special reference to areas of labor surplus; and reports must be made by this committee at the Cabinet level to the President and the Congress, so that we may know what the effects of these operations are. I believe this is as far as we can responsibly go at the present time.

With specific reference to the amendment offered by my good friend, I would say that administratively it is impracticable. How can you determine whether goods that were finished abroad by a factory which we helped finance is going to result in competition with the United States? Just how can you make that determination? What constitutes competition? Is it a very little bit? Or is it tremendous competition? I think this is not feasible administratively; but there is a deeper reason and that is this, if under a loan fund we allow a factory to be erected in Ghana, for example, we will say to those people: "We will help you erect your factory, but under no circumstances will we buy the goods from that factory even though the competition with the United States is very slight, and even though this enables you to get dollar exchange to buy more goods from the United States."

In other words, I am for legitimate, reasonable, practical protection of our industry and I think this bill moves in that direction responsibly, but the amendment offered by the gentleman from Michigan, goes too far. We should analyze the yearly report now required in the bill to see what our problems are and what action is indicated.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. BENTLEY. The gentleman has noted, I presume, the language in Section 511 (c) regarding the offering for resale of material and equipment sent abroad.

Mr. COFFIN. Yes; and under that same section the President has the power under subsection (c) to make arrangements with each nation for the return to the United States for salvage or scrap or such other disposition as the President shall deem to be in the interest of mutual security. But we in Congress will know if any problem is being created because a report must be made and then we can determine what action should be taken.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. VORYS. As I get it, under this amendment if we send a tank or vehicle to a foreign country and it became scrap and a piece of that scrap should be used in the manufacture of some souvenir that came to the United States in competition with souvenirs sold here, that country would be cut out of the program. Is it not about like that?

Mr. COFFIN. It is even worse, I would say, because the scrap might be put into something that would be sold to the Soviet bloc and would constitute another link between that country and the hostile power.

Mr. MORGAN. Mr. Chairman, this amendment is not needed. I think if it were enacted it would be a signal to other nations that we are embarking upon a program of restriction and it could open the door to every country to restrict imports from the United States.

I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. DAWSON of Utah. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAWSON of Utah: On page 18, immediately below line 20, insert the following:

"(a) (1) Section 502 (b), which relates to use of counterpart funds by committees of the Congress, is amended by adding at the end thereof the following: "The amount of local currency used by any such committee shall be charged against any amounts made available to such committee from the contingent fund of the House of Representatives (if the committee is a committee of the House of Representatives) or from the contingent fund of the Senate (if the committee is a committee of the Senate or is a joint committee) for expenses incurred by it; and the use of such currency shall be subject to all the reporting and other requirements, including limitations on travel, which apply generally to the expenditure of amounts made available to such committee from such contingent fund. No local currency shall be available for use by any committee if the amount of the currency so used, when added to the amounts actually expended from such contingent fund, would result in expenditures in excess of the total amount which was authorized to be expended from such contingent fund by such committee."

"(2) The amendment made by this subsection shall take effect on the day of the first meeting of the 86th Congress."

Mr. DAWSON of Utah. Mr. Chairman, this is an amendment which I sent to the desk of each member the first of the week. The purpose of the amendment is to require that congressional committees using counterpart funds be required to budget those funds as they do normal funds which come from the contingent fund of the House and that they be required to report the expenditure of the funds to the Committee on House Administration.

Now, we have made a great to-do in the Congress about secrecy. In fact, we passed a measure the other day which would require executive departments to open up their files. And, I think it was a good measure, one deserving of passage. And yet we here in the Congress are permitted to go before a Congressional committee, justify our committee funds, set up a budget and then be permitted to exceed that budget by drawing on counterpart funds and in no way be required to account for them or budget them.

Now, it is true that under existing law the chairmen of the various committees are required to report a lump sum to the Committee on House Administration, but this has no detail as to how it is spent and by whom. In fact, some of the committees are not even reporting.

Now, I have before me a list of the expenditures of last year committee by

committee. Some of the committees are not on here which I know have expended counterpart funds. Now, the public is entitled to know how these funds are spent. We have received a great deal of criticism, particularly of the action of a certain representative of a committee in the other body who made a free-spending, free-wheeling trip abroad, which received a lot of publicity. And, as long as we continue to keep the lid of secrecy on how we spend these funds, we are going to be subject to criticism.

Now, my amendment would not prohibit the use of counterpart funds; in fact, I favor their use. These funds are available; we are entitled to use them, and they could and should be used by congressional committees in worthy investigations, but when they do use them, the savings that they make in committee funds should be turned back to the Treasury.

This procedure will not hamper the committees in any way, and as far as I know, I do not think there is any Member of this body who should object to reporting personally the use to which he has put those funds. If the use of these funds has been legitimate—and I have no reason to doubt that they are, we should be willing to account for them, if we fail then certainly the public is going to think that we have something to hide, and I do not think we should be hiding anything.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Ohio.

Mr. VORYS. Speaking for myself, I think the gentleman has a good idea, and I do not want to take any more of his time.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Washington.

Mr. PELLY. I want to commend the gentleman, and I expect to support his amendment in the manner he has offered it.

Mr. DIXON. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Utah.

Mr. DIXON. I believe that this group should make its expenditures an open book. I very much favor the amendment.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Oregon.

Mr. PORTER. I want to say that I think the gentleman's amendment goes in the right direction. But, did I understand that there is a personal accounting by each member of the committee?

Mr. DAWSON of Utah. No, no. The present law does not require a personal accounting by each member of the committee.

Mr. PORTER. Would the gentleman's amendment require that the expenditure of counterpart funds by each individual member of the committee be set forth?

Mr. DAWSON of Utah. That is correct, just as it is with other committee funds; in other words, if a committee member now takes a trip, he is required to submit his vouchers to the clerk of his committee, and those vouchers are passed on to the Committee on House Administration.

I might say to the gentleman that I have been before the Committee on Rules when some of these matters have been heard, and also before the Committee on House Administration where we go to justify our use of funds for the coming year. We set up the budget. And yet, that committee can still pick up all the counterpart funds they can get hold of when they are traveling, which would be in excess of the amount that we budgeted. I think we should handle it in a uniform manner.

Mr. PORTER. I agree with the gentleman.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield.

Mr. HOFFMAN. In that same committee, the Committee on Government Operations, they have a subcommittee which has been raising Cain because the executive departments do not give us the information they think they want about expenditures.

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is the same amendment, I believe, or substantially the same amendment that the gentleman offered to the bill last year. It is the same language that he has in a bill pending before the Committee on Foreign Affairs. I think some of the gentleman's statements were a little misleading. He says there is no accounting made. There is an accounting made to the Committee on House Administration, and the chairman of that committee has seen fit this year to release, by committees, the amount of counterpart funds expended.

Mr. Chairman, I submit to you in all sincerity that this could be a little bit misleading because, if this amendment is adopted, as I see it and as I understand the language, this is what would develop: Let us say the chairman of a subcommittee is traveling abroad with five members of his subcommittee and he signs for these funds. When that accounting is made we would have 1 Member of Congress charged with the expenses of perhaps 5 Members and perhaps a staff of 2, while the rest are charged with nothing. The net result would be that a great many Members of Congress would no longer go to see the things they ought to see and find out the things they ought to find out.

Mr. Chairman, I make another point and I hope I am not stepping on anyone's toes. There are some Members here who travel on the largess of the departments over which they have jurisdiction and no counterpart funds are charged to the committee. If they are used, they are obtained by the department that is involved. They are withdrawn that way and no accounting is made at all.

Mr. Chairman, there is one other matter that I think you ought to take into consideration and that is this. I have traveled abroad. Not too long ago, about a year and a half ago I traveled on the *United States*. And on that ship, in addition to the members of my committee there were no less than 10 or a dozen members of executive departments traveling in first-class staterooms, one to a stateroom. I have no objection to that. They were traveling on counterpart funds. They were living pretty well, I must say. I observed them and they were doing all right. There is nothing in this amendment which would compel those people to expose what they are spending. And that is where 98 percent of these counterpart funds go.

You want to expose Members of Congress so that you can get this broken down on individual Members, and so that somebody can go out into their district and make a big fuss and say, "Here is a fellow who drew a half a million francs," when a half a million francs is worth a thousand dollars and really does not mean very much, after all. But the average person would think that half a million francs was a lot of money.

I submit to you that all we would be doing is putting a requirement upon Members that you are not putting on representatives of the executive departments.

Mr. Chairman, I have all the respect in the world for the gentleman. I am sure that his motives are the best, and so forth. I even overlook the fact that he wrote a letter to his local paper in Salt Lake City and said that he had never heard me utter a bipartisan word since I had been in Congress. One mistake, of course, that he made is that I do not run for re-election out there and I can write a letter to the editor; but I have not done it yet. But, just to show you how bipartisan I have been, I find that the Congressional Quarterly shows that in the first session I opposed the President on foreign policy only 13 percent of the time while the gentleman opposed him 47 percent of the time. I merely state that to show that I have been bipartisan and I am bipartisan in opposing this amendment because I am doing just as much to protect a Member of the minority side from the unfair implications that might be made that they are expending a lot of money, as I am anybody on our side.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Connecticut.

Mr. MORANO. As a matter of fact, as I understand this amendment, it would require a committee of Congress to go before the House Committee on Administration and before a subcommittee on Accounts of which the gentleman is the chairman.

It would require that chairman to project into the future how much counterpart funds they expect to spend overseas in addition to the dollars they are seeking from the committee to spend in the United States. Is that not so?

Mr. HAYS of Ohio. That is true.

Mr. MORANO. If that is so, then this is an impractical amendment and unworkable. You just cannot administer it.

Mr. HAYS of Ohio. The gentleman is right in every instance but one. I am not the chairman of that committee. I happen to be the ranking member. But the gentleman sits on the full committee, and I think the committee would do on the counterpart funds as it does with other funds, rely on the chairman of the committee to say how much he needed. It would be another useless motion we would be going through.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MORANO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am opposed to this amendment for the same reason I was opposed to it last year. It was defeated last year by a vote of 148 to 86. The language of this amendment is impossible to administer. The House Committee on Administration now receives reports from all the committees that use dollar funds and that use counterpart funds. Those reports are in the possession of the chairman. He has decided to make them public this year and he has made them public. Every Member of Congress that goes overseas and spends counterpart funds is required to report to the chairman of his committee exactly how he spent the money, item by item, and the chairmen of the committees transmits the information to the chairman of the Committee on House Administration. The Committee on House Administration has complete control of it. If there is any abuse of the use of counterpart funds that information is in the possession of this Congress right now.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield.

Mr. SMITH of Mississippi. As a member of the Subcommittee on Accounts of the Committee on House Administration I should like to join in the statement the gentleman makes about the impracticality of this amendment. I have no objection at all to any type of requirement that would make an individual Member submit in detail a report as to how he spent counterpart funds, but this amendment would require the committee chairman to project into the future, for 2 years beginning in January of next year, what might be spent. It would lead to all kinds of increases in the estimates of what the committees would want from the House in dollars. We would be in no position to make any accurate check on the requests for money.

This amendment instead of saving money would, I am sure, lead to a large increase in the amount of contingent funds allowed the standing committees in connection with their regular requests made at the beginning of each Congress, and which would begin next January. I think that if some type of check is desirable a new approach should be made, a new method, other than this, because this will merely lead to greater increases in the demands on the contingent funds

of the House. We have attempted to cut back the actual cost in dollars to the contingent fund of the House by encouraging the use for proper purposes of counterpart funds, and I think this would lead to a greater use of these funds. I hope the amendment will be rejected.

Mr. MORANO. I thank the gentleman for his contribution. He is absolutely right. Every Member who uses counterpart funds now has to report how he uses them, what they were expended for, and so forth, so this amendment does not attack that problem.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield.

Mr. HAYS of Ohio. The Committee on Foreign Affairs, which would probably have as much reason as any to travel, has used less than 20 percent of its dollar amounts in any given year since I have been on the committee. If you added on all of the counterpart funds that have been used, it has used less than 50 percent of the total amount that has been appropriated to it dollarwise. I do not know where the abuses about which the gentleman talks exist, but I say again, and I want to make this point crystal clear, that you are exposing yourselves to the chance of ridicule that you do not demand from the people in the executive departments, who use 98 percent of this money.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield.

Mr. DAWSON of Utah. The gentleman says that Members are now required to submit individual reports; am I correct?

Mr. MORANO. Yes; to the chairmen of their committees. They have to make an accounting of the counterpart funds that they use. We do in our committee.

Mr. DAWSON of Utah. Are those reports available?

Mr. MORANO. Yes.

Mr. DAWSON of Utah. Can anyone see them?

Mr. MORANO. Those reports have been transmitted to the chairman of the Committee on House Administration.

Mr. DAWSON of Utah. I have before me a report of the Committee on House Administration showing the lump sums each committee has spent. There is no breakdown whatever of the individual payments.

Mr. MORANO. That may be so and that is because the chairman of the committee did not see fit to give you the individual accounting of every Member, but he has it there if he wants to do it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TEWES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Ohio says that we would here be imposing a hardship upon ourselves. It seems to me this is the kind of hardship that we ought to bear willingly. All of us are conscious of the fact that those who are critical of the operations of Congress point to this as one place where we could very quickly improve our procedures. Many of the criticisms made

against Congress are undeserved, but I think this is one instance where they are deserved. Admittedly, this is a perplexing problem. But a simple remedy has been proposed by the gentleman from Utah. I think we ought to be not only willing but anxious to accept it. This same debate occurred last year. We were told then that there were other ways to accomplish this purpose. We were told there were better procedures. So far as I know, there has been absolutely no change during the course of the past year. We are back today, 1 year later, exactly where we were then. I think that is proof in itself that there should be some change by the method here proposed. My own code in the matter of public service is that a public official must not only do those things which are legal but he must also avoid doing those things which appear to be illegal. This is certainly one of the latter instances which the taxpayers back home are unable to understand.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. TEWES. I yield.

Mr. DAWSON of Utah. The gentleman is absolutely correct. We went into these arguments a year ago. I would just like to pin one or two of them down. Number one is the point, as raised by the gentleman from Ohio [Mr. HAYS], that the executive department is not required to account for their expenditure of counterpart funds. I took occasion today to get a letter from the International Cooperation Administration as to what kind of accounting they are required to make of the use of counterpart funds. I have their letter here and while I am not going to take the time to read all of it, I can simply say this. They are required to account for every penny in detail to their Department. It is subject to the scrutiny not only of the House Committee on Foreign Affairs but of the Committee on Appropriations. Then they call attention to section 502 (b) which was passed in the 84th Congress in 1954, which reads as follows:

SEC. 1415. Foreign credits owed or owned by the United States Treasury will not be available for expenditures by agencies of the United States after June 30, 1953, except as may be provided for annually in appropriation acts and provisions if the utilization of such credits for purposes authorized by law are hereby authorized to be included in general appropriation acts.

That simply means that they have to come in and ask for an appropriation through the Committee on Appropriations of American dollars to purchase counterpart funds and they must come before the Committee on Appropriations and account for every penny of it. The Members of the Congress are the only ones who are not required to make an accounting. As I stated, I have been to the Committee on House Administration to find out where and how these Members have spent their money. There is no detailed record there, only the totals spent by committees. As a matter of fact, I have the record here before me which was released by the chairman just a few weeks ago and I will put in the RECORD the figures giving the total ex-

penditures by committees, but there is no breakdown whatever.

I have it by committees; the total lump sum. Aside from that, there is no requirement for any accounting for it.

Mr. TEWES. When we follow involved procedures in appropriations for public works and have many committees examine use of the taxpayers' funds, it seems to me that the taxpayer has a right to expect that Congressmen will exercise at least a minimum of the same kind of protection for funds which we use ourselves. Most of Congressmen's travels are for a worthy purpose, I fail to understand why we should be suspiciously secretive.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. TEWES. I yield.

Mr. PELLY. As I understand the gentleman, he takes the position that we, as Members of Congress, should set a higher standard for ourselves than we should for anyone else, including the executive branch. With that I want to say I agree.

Mr. TEWES. The gentleman has expressed my position exactly.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. TEWES] has expired.

The question is on the amendment.

Mr. HOFFMAN. Mr. Chairman, I was seeking recognition.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 7 minutes, 5 minutes for the gentleman from Michigan.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The gentleman from Michigan [Mr. HOFFMAN] is recognized for 5 minutes.

THE PEOPLE'S RIGHT-TO-KNOW—BUT NOT WHAT THEIR CONGRESSMEN SPEND

Mr. HOFFMAN. Mr. Chairman, the Committee on Government Operations has a subcommittee, the Moss committee, on information consisting of three members. For 2 years and 8 months that committee has had members of the executive departments on the spot, inquiring about almost everything. It demanding that the departments resulted in some good. But one thing that the committee will not go into, and that is the question of counterpart funds. It demands that the executive departments give information on practically everything involving the expenditure of tax dollars but was not concerned about the dollars congressmen spend. My file shows that on several occasions I have written the chairman of the House Committee on Administration asking for a breakdown on the use of counterpart funds. Every time I have been denied that information. Now I think I will put some of it in the RECORD so there will not be any question about it. Then I was told that the information was with the Defense Department as to much of the expenditures. So I went to the Defense Department and they told me it was with the chairman of the House Committee on Administration. I went back to the chairman of the House Ad-

ministration Committee, and he said, "No. Defense has it." At that time the general counsel of the Department of Defense was on the stand before the Moss subcommittee, and I asked him and he said, "No, we do not have it." I said, "The chairman of the House Administration Committee says you have. Who has it?" I did not get it: Button, button, who has the button? I could not find it, even to this date, it has not been available.

I have yet to see one report which tells about the expenditure of counterpart funds by a Member of this House, past or present. The Moss committee has made its campaign and received a word of publicity to the effect that this is the people's Government and that the people have a right to know what is doing; how tax dollars are spent. We can go along with that, except as to certain constitutional powers granted the President. But when the public tries to learn what the Congressmen spend through the use of counterpart funds, the door to information is slammed shut—and with a bang. I challenge any Member of this House, including the gentleman from Ohio [Mr. HAYS], who has traveled abroad, not a little—the last time with 2 or 3 assistants, all justified no doubt—I am not criticizing him for it—I challenge him or any other Member of this House to put in the RECORD one single report by the chairman of the House Committee on Administration showing where counterpart funds were used by Congressmen, how much and for what purpose. Not that I care, but if we are to spend money, let the people know how we spent it. It is their money. Why make an exception of ourselves? I am not ashamed of anything I ever spent while on committee. Maybe I should be, but it is all in the RECORD.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes, I yield.

Mr. HAYS of Ohio. The gentleman knows that the same kind of report is made by a committee of Congress, and is published, as is made by the executive branch. That is the total amount by any given branch; but I defy him or any other man to get the amount that any individual in the executive department has spent.

Mr. HOFFMAN. That is it. But we can force the members of the departments to give us itemized statements of every dollar they spend. But we will not tell anyone where, when, how much nor for what purpose we spend counterpart funds.

Mr. HAYS of Ohio. If the gentleman wants it on the same level, with the executive departments and everybody else treated alike I would not have much opposition to it, but I oppose double standards.

Mr. HOFFMAN. I cannot yield further.

I will put it on the same level, yes. We make other people tell where they buy—well, I will not say what—but when a Congressman travels on counterpart funds the spending is not itemized. The total may be put in, but it is not itemized anywhere that you or I or a reporter can

learn how much you or I or any other Congressman spent abroad. That is not right. Every informed individual knows that is true. Why try to cover up?

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania to close the debate.

Mr. MORGAN. Mr. Chairman, the amendment offered by the gentleman from Utah is very worthwhile and I am in complete agreement with the objective he seeks to accomplish. He has a bill on this subject before the Foreign Affairs Committee. He did not testify this year, but did present his views at earlier hearings. The real jurisdiction of the subject matter of this amendment lies with the Committee on House Administration. While I believe it is a worthwhile amendment, I ask for its defeat at this time so that the subject may receive full and careful consideration by the House Administration Committee to insure the adoption of provisions that will unquestionably accomplish the gentleman's objective.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield for a short comment?

Mr. MORGAN. I yield.

Mr. DAWSON of Utah. I have before me a poll which was taken by the Congressional Quarterly upon which each one of us was paged on this very question: Should Congress disclose the amount of dollars in counterpart funds used by them in traveling abroad?

The poll shows 89 percent of the Congressmen voted "yes" and 11 percent "no." And of the editors of the country polled 97 percent voted "yes" and 3 percent "no."

So I think we should take a good hard look at the system.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. HAYS of Ohio. The gentleman's statistics are a little misleading, as was his letter, because he says "89 percent of the Congressmen opposed it." What he should have said was that 89 percent of those who answered the question opposed it. If my memory serves me correctly there were considerably fewer than 150 who answered it. I would think the figure might be 100; 89 percent of 100 would mean 89 Members out of 435 said "yes." So the gentleman's argument is not as meaningful as it would seem.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. MORANO. The figure presented by the Congressional Quarterly had to do with foreign currency. We are talking about dollars now.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired; all time on this amendment has expired.

The question is on the amendment offered by the gentleman from Utah [Mr. DAWSON].

The question was taken; and, the Chair being in doubt, the Committee divided and there were—ayes 84, noes 67.

So the amendment was agreed to.

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 21, line 24, immediately before the period insert the following "and add the following new subsection:

"(f) The President shall submit to the Congress on or before January 10 of each year, a report detailing the assistance to be provided for the next fiscal year under title I of chapter II and under chapter III, which shall contain a clear and detailed explanation of the method by which the proposed levels of aid for each country have been arrived at, including a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor, and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The committee has examined the gentleman's amendment very thoroughly. We all know of the marvelous work done by his Subcommittee on International Operations. I think it is a good amendment and the committee will accept it.

Mr. HARDY. I appreciate that very much.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Minnesota.

Mr. JUDD. I am in complete agreement with the objectives of the gentleman's amendment but I think he will recognize that the ICA may have to put on a good many additional employees to handle it.

Mr. HARDY. I am not at all sure that they will need additional help. I think they have enough employees to handle this without adding any.

Mr. JUDD. My point is, with all the questions that have been raised, this is justified even if it requires additional help.

Mr. HARDY. I agree with my friend from Minnesota, and I am grateful to him for his observation.

Mr. Chairman, this amendment is simple and is self-explanatory. I discussed it to some extent in general debate yesterday. It will assure that the Congress is provided a minimum amount of information concerning the level of aid established for individual countries. Thus far that information exists nowhere, and as far as the record goes none of the amounts authorized in this bill are supportable except on the basis of generalized judgment of ICA witnesses. This condition should not be permitted to continue and my amendment will help toward providing some information to the Congress in the future.

The information will serve several much needed purposes. It will greatly facilitate the work of the Foreign Affairs Committee in future authorization legislation. It will be of major assistance to the Appropriations Committee in the discharge of its duties, and it will provide a yardstick for the General Accounting Office and my Subcommittee on Inter-

national Operations to measure the performance of ICA.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARDY].

The amendment was agreed to.

Mr. EDMONDSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDMONDSON: On page 22, line 15, insert:

"SEC. 519. Prohibition against unjustified public works: None of the funds authorized to be made available under this act shall be used for any flood control, river and harbor or water development project in a foreign country that does not meet the benefit-cost standards and economic feasibility requirements established for similar projects in the United States."

Mr. EDMONDSON. Mr. Chairman, our eloquent colleague, the gentleman from Maine [Mr. COFFIN], said yesterday that one of the best things in the bill now before us is the so-called Hays amendment, which he said has been termed "the most constructive proposal to come out of our committee."

The effect of this amendment, as explained by our colleague from Maine, will be to make the process of obligating funds for projects "a more serious step."

Preliminary studies of feasibility will be required, as well as "a reasonably firm estimate of the cost to the United States," before funds could be obligated under the Hays amendment.

This is certainly a worthwhile step, and I congratulate the committee upon taking it—but I firmly believe this bill will register much more favorably with the American people if we take one additional step, which is proposed by the amendment I have just offered.

The plain effect of the amendment now before the House is to say to the administrators of foreign aid, "When you examine these foreign flood control and water projects, with a view to investment of American dollars in them, we want you to apply the same tests for economic feasibility and benefits that you apply to similar American projects."

In short, we want to invest our American tax dollars abroad with the same care, and the same caution, that we use in their investment in our own country.

The requirement that cost estimates for a project be submitted is a wise one—but we add real significance to that requirement when we also establish a congressional standard for feasibility—the same standard, Mr. Chairman, that we also impose upon our own flood control and water development projects.

Is this asking too much of foreign countries, to whom we are giving American tax dollars—that their projects be sound and practical projects, with at least one dollar of benefit for every dollar of cost?

Can we fairly continue to impose such a standard upon American projects, when we do not require it in foreign countries where we are spending millions of American tax dollars?

Mr. Chairman, let us put this additional element of common sense into the foreign aid program, and adopt this amendment.

Let us tell the people of America and of these foreign countries as well that we will go along with you on justified, sound, and feasible projects when there is a dollar of benefit for every dollar of cost, but we are going to use at least as much care and discretion on a foreign project as we use on projects here in the United States. That is the simple effect of the amendment. It is difficult to see how we can justify any other procedure.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman.

Mr. JONES of Alabama. Does the amendment include the use of the taxes foregone idea that is now being carried out by the Bureau of the Budget, in requiring foreign governments in the construction of a hydro plant to require economic justification of taxes foregone?

Mr. EDMONDSON. The amendment would require that the same test be imposed for any foreign water development project that is imposed here in the United States on one of our projects. If one of those is the taxes foregone principle, if that enters the picture on an American project, then it would enter the picture also on a foreign project.

Mr. JONES of Alabama. The gentleman recognizes that that is a part of the policy of the Bureau of the Budget to apply the principle of economic justification for a hydro project?

Mr. EDMONDSON. I understand that it is on certain projects; yes.

Mr. JONES of Alabama. So it is the intention of the author of the amendment to include that practice as against these hydro projects to be undertaken with economic aid?

Mr. EDMONDSON. In any instance where it would be applied on a similar American project it would also be applicable to the foreign project.

Mr. JONES of Alabama. I do not want to prolong this discussion, but would the gentleman recognize the same formula now being followed by the Bureau of the Budget in circular A47, of local participation?

Mr. EDMONDSON. I think it would be just as mandatory on a foreign project as it would be on a corresponding American project under the amendment, yes.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from West Virginia.

Mr. BAILEY. Mr. Chairman, would the gentleman's amendment go so far as to impose the standards set up by the Army Engineers on stream improvement projects, dams, et cetera? Would they meet the same standards?

Mr. EDMONDSON. The same sound engineering would be required on a foreign project as is required on an American project under this proposed amendment.

Mr. BAILEY. Would the gentleman put it under the supervision of the Army engineers?

Mr. EDMONDSON. I think that would be a matter of discretion as to whether it would be the Army engineers or other engineers in the employ of the Government—whether Bureau of Reclamation engineers or engineers employed by the Department of State; in any event they would be qualified engineers.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, my sympathy certainly lies with the gentleman from Oklahoma [Mr. EDMONDSON]. I know he is a very prominent member of the Committee on Public Works, and I know he may be disappointed over the veto of the public works bill. I sympathize with him, because I had a small project in that bill, too. My project was one of those that had been approved by the Bureau of the Budget and had been worked on from away back in 1946. I really had a legitimate complaint, as mine was lost because additional projects were added to the bill.

Let us take a look and see what we have here. We are dealing with national security. Of course, under conditions prevailing in most of the underdeveloped countries, it is not practicable to use the exact cost features and engineering studies that we have in projects in this country. Let us look at what we have in this bill for the fiscal year 1959 for the so-called "public works" type of projects. Under the mutual security program there is an item of \$115,174,000 of direct costs. Most of that is for transportation and communication. The only flood-control money in this bill for the fiscal year 1959 is \$1,240,000 plus \$15 million local currency. The water developments in this bill for the fiscal year 1959 are \$11,535,000 matched by \$87,524,000 worth of local currency.

The rivers and harbors part of this bill for the fiscal year 1959 is \$3,134,000, matched against \$13,950,000 worth of local currency.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. When the gentleman speaks of local currency, is he talking about local currency made available by the provision of American money?

Mr. MORGAN. I am talking about matching currency.

Mr. EDMONDSON. Matching currency made available through the provision of our funds?

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Has the gentleman included the defense support portion of this bill?

Mr. MORGAN. Yes; in some of these projects it is defense support money.

Mr. PASSMAN. It is not all defense support money, though?

Mr. MORGAN. No.

Mr. PASSMAN. Of some 39 types of public-works projects mentioned before our committee, many are for rivers and harbors, drainage, flood control, irrigation and reclamation that are now built out of the defense support money. The total for those projects may go into \$400 million, or more. That has been testified to as factual before the Appropriations Committee.

May I ask the chairman if the defense support money can properly be used for drainage, rivers and harbors, land reclamation, and similar public-works programs?

Mr. MORGAN. It could be spent for that. I am talking about the program now in the bill.

Mr. PASSMAN. But if you spend \$400 million out of the defense support phase of the bill for flood control and other public-works projects, would that not amount to the same thing?

Mr. MORGAN. Yes; but I am talking about the program in this bill.

Mr. PASSMAN. In testimony before our committee witnesses said that the defense support is economic aid. They listed some 39 types of public-works projects and mentioned specifically flood control, drainage, rivers and harbors, and irrigation, as well as others. All that money could be spent and charged to defense support, but it would, nonetheless, be public works similar to those under discussion at this time.

Mr. MORGAN. Most of the large projects under the defense support are for public utilities and communications, as the gentleman knows.

Mr. PASSMAN. We have never been able to completely pin it down.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from West Virginia.

Mr. BAILEY. What requirement is there for local participation with moneys provided by the governments we are assisting? Are those funds of the government, or can they use counterpart money?

Mr. MORGAN. They are the funds of the recipient government and counterpart money as well.

Mr. BAILEY. Is there any provision against using counterpart money?

Mr. SMITH of Mississippi. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the amendment offered by the gentleman from Oklahoma is nothing more than a very minimum requirement as to the various water resource development projects that would be financed under the authority of this bill. There is not too much in this issue as to whether there is only a small number of dollars involved, as the gentleman from Pennsylvania points out, or whether there is a large number. The question involved is whether or not we are going even to try to approach anywhere near the same standards we have been enforcing here in this country in regard to these projects overseas.

We are not attempting here to put in some requirements that are tied in with the defense emergencies or anything else in connection with the direct defense

of the countries involved. What we are talking about here is projects that are devised for strengthening the economic buildup of these countries that receive the assistance.

I think it is only fair and proper that we should have some requirement as the committee has indicated by their action, which they have taken earlier this year in regard to the bill, that these projects have some better justification than they have had in the past. I believe any of you who support the idea that we should try to remove any waste from the bill will go along with this idea. I think any of you who support the idea that the same requirements as to justifiability for projects overseas should certainly be as strong as the requirements for the United States will go along with this amendment. It will not in any way hamper any of the benefits that will go to the country that needs them in line with our own foreign policy or our common interests. In fact, it will strengthen the aid that we are giving to these countries because the projects will be sounder and better justified in the future. I think it will contribute greatly to the success of this aid program from a long-range viewpoint as well as cutting down some of the costs and the waste that has existed in the past, if we put in this fundamental requirement. This requirement is nowhere near as strict as that enforced for the United States and reinforced when the President vetoed the rivers and harbors' bill even though for more stringent requirements had been met. He vetoed that bill for the United States. Certainly, we could have that small requirement for this overall aid bill. I hope the committee will adopt the amendment.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this amendment, of course, sounds very plausible and reasonable. It certainly is very appealing. Everybody would like to be able to apply to each of these public works projects all around the world, constructed under the most varying and unideal conditions imaginable, the same strict and stern criteria which we insist that our Army engineers apply—and sometimes also our own congressional committees. I am sure the bill, if it had this amendment in it, would register more favorably with the American public as the gentleman from Oklahoma has stated. But would it do as well the job it is supposed to do? I think we ought to go back and ask again what it is we are trying to do in this program. Why do we have this bill before us at all? If we write this amendment into the bill, will it make it easier or harder to accomplish what we are trying to do?

If we provided funds for these projects abroad for economic reasons only, as we supposedly do for such projects at home, then this amendment, certainly, would be in order and it ought to be supported unanimously. But, as a matter of fact, there is probably not one of the projects overseas that we are authorizing strictly for economic reasons of the sort we have in mind when it is a dam or a lock in my district or flood control projects in your

districts. We are supposed to require economic justification for them. But almost everything in this foreign aid program has as its first objective some political reasons, or security reasons. We are trying to keep a world free, including ourselves. Some of these projects have more direct military reasons as their prime justifications. They may not have a favorable benefit cost ratio, if you consider only economic factors. How do you evaluate in dollars their military value?

Again, in some of the countries we believe it is in our own security interests to help them maintain armies and air forces that are way beyond their economic capacity to support. We could of course, give them dollars in cash grants. We tried that in Laos and there were some bad misuses of the dollars. What we generally want in those countries is hwan in Korea or kip in Laos or rupees in Pakistan to help them support their armies and their economies.

Now, if we can spend our dollars for commodities here that they need, and sell those commodities there for the local currencies we need, that is better. Or, sometimes we can put the dollars into generators for powerplants or cement for dams that strengthen their capacity to maintain their independence. The public works in themselves may not have as high a benefit-cost ratio in strictly economic terms as similar projects would have to demonstrate here at home. But they contribute far more to those countries than cash grants would, lying idle as reserves or getting into improper channels. It is a question of alternatives. These projects contribute greatly to their economy and we get the beneficial use of the money spent on them in terms of the local currency they generate.

If we ignore all factors except economic, we probably cannot justify all the projects; but not to build them may help defeat our fundamental objectives in the whole program.

May I say further that the gentleman from Louisiana [Mr. PASSMAN] has objected to the management of the Development Loan Fund, on the ground that so few of the funds that were made available last fall have been committed. The basic reason for this apparent slowness, as I tried to point out last year, is that we have asked for it—just as in this amendment you are asking for greater care and study. We insisted that our Government agencies like the Loan Fund screen and study these projects more thoroughly before making decisions. We insisted that they come up here with clearer figures as to such matters as the benefit-cost ratios, as well as political and military values. But, if they are to do that, it takes more time. If they take the time to do the job we want them to do, then they do not get the money obligated or even programed before the end of the fiscal year. And then it is contended that they really did not need all the money they asked for. But if on the other hand, they are to pay out or obligate the money before the end of the fiscal year, then they have to start some projects that have not met the

scrutiny this amendment calls for. Just which are they to do?

If the gentleman's amendment were to be adopted, I hope he and others will stand up here and work hard to get the full appropriation of \$625 million for the Redevelopment Loan Fund for this next fiscal year, without fiscal year limitation, so that its Board can have time to do the kind of careful studying he wants and be sure that the projects are more nearly justified in economic terms. That would make his case much stronger, I think. We cannot have it both ways.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. EDMONDSON. Can the gentleman not see the possibility that it might be appreciated and also helpful to these foreign countries if high engineering standards are observed and good, sound feasible projects are the ones into which we put our dollars?

Mr. JUDD. I agree completely, where the political situation will permit. But sometimes the needs are too urgent. For example, one afternoon about 4 years ago we authorized \$800 million in one lump sum to try to keep southeast Asia from going into the hands of the enemies. A lot of that went into development projects of the sort we are discussing here. I do not suppose one of them had been studied carefully enough to be economically justified by our standards. But we were not providing that money in order to get an economic return. We were trying to keep our enemies from getting that part of the world with its great strategic importance and all its minerals and other resources. And the gamble succeeded. It has paid off, not in dollar return, but in security.

There are other considerations than the strictly economic factor.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JUDD] has expired.

Mr. WRIGHT. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Oklahoma. Like many of you, I have supported this legislation in years past and feel a sense of responsibility to support it again, because I feel that we in the Congress owe something more to the President of the United States than mere carping criticism of his conduct of our international affairs. I have supported it and feel a continuing sense of responsibility to support it in spite of my own misgivings over certain specific activities carried out under the program and in spite of its unpopularity among many of my people, because in a world where apparently only the strong may remain free, we need to contribute to the strength of those who sincerely wish to remain free.

Yet there is a complete double standard in the matter of water development projects. There are two entirely different sets of criteria, one for projects in our own country and another for projects which we help finance in foreign lands.

The purpose of this amendment is to require flood control, navigation, and water resource developments financed in

foreign lands through our Mutual Security program to comply with the same standards which are so rigidly and inflexibly applied to the administration against domestic flood control, navigation, and water resource developments.

At the present time, there are two yardsticks—as different as night and day. When it comes to our domestic water development needs in the United States, no matter how big or how small the projects, the Bureau of the Budget imposes an arbitrarily rigid and completely inflexible yardstick.

When it comes to water developments to be financed in foreign lands, there is no requirement whatever that they be reported individually to the Congress, no requirement that they measure up to the criteria of economic feasibility, absolutely no report on a benefits-to-costs ratio, and no hard and fast requirement whatever that funds be matched locally where local land enhancement and domestic water benefits accrue.

Each of these requirements has been applied with a vengeance this year by the Bureau of the Budget against every water resources development proposed in the United States. This all-powerful executive Bureau has arrogated to itself the right to overrule the Corps of Army Engineers and the duly delegated committees of this Congress. When it comes to water resource developments in the United States, this appointed agency has reveled in its power, and the full extent of this power is appreciated when we realize that this Bureau caused the President of the United States to veto our rivers and harbors bill, passed by such an overwhelming majority by both Houses of the Congress. So demanding, so rigid, so wholly inflexible, is this Bureau in its arbitrary demands that it has served notice through the President that it will not tolerate any freedom on the part of the Congress of the United States to exercise its own judgment in regard to water development projects in this Nation of ours. Only last month, after we had spent 2 years writing a river and harbor bill with maximum care, great thoroughness, diligent, painstaking research and a strong sense of responsibility, the dictatorial and demanding Bureau of the Budget insisted that the President veto the bill for the simple reason that the mature judgment of the Congress differed from the hard and arbitrary yardstick applied by this appointive agency in just 3.6 percent of the total financial authorizations in that bill. The bill was vetoed, even though the Corps of Engineers had officially approved all but six-tenths of 1 percent of the financial authorizations.

Now, contrast that if you will with the complete flexibility and utter lack of financial accountability to the Congress which has characterized water developments in foreign lands financed under this mutual security program by the International Cooperation Administration. Last year, a subcommittee of the House Committee on Government Operations, under the able chairmanship of our respected colleague from Virginia [Mr. HARDY], undertook to make a thoroughgoing study of such projects and made

some amazing revelations concerning the absolute lack of any yardstick whatever.

Permit me to read a few comments from the report of that House committee upon the annual budget presentation of the ICA:

The agency possesses almost unlimited flexibility in the transfer of funds. This arises from a combination of the broad authority conferred upon the agency by the basic mutual-security legislation, and the absence of specific details (an outgrowth of the illustrative budget) in the annual appropriation acts. Unless this excessive flexibility is curbed, improvement in the mechanics of the budget presentation alone would not assure the Congress that the programs and projects listed therein would be carried out.

Obviously, when these various programs are lumped together into a single package, the ultimate result can be nothing but confusion. Undoubtedly, many of the programs undertaken by the ICA are wholly justifiable from an economic standpoint. Many of them probably are. Perhaps even all of them are. But the point is that it is utterly impossible for the Congress of the United States to examine the budget presentation of the ICA and to know anything whatever of the economic feasibility of the individual projects therein contemplated.

Our task in attempting to understand and to justify these expenditures is made the more difficult by the practice of this agency in presenting a purely illustrative budget. There is no requirement, as there is in our domestic public-works program that we list the individual projects. Instead, the ICA simply sets forth various activities and types of activities as merely illustrative of the kind of program it intends to carry out.

The lack of congressional of these funds, indeed the lack of congressional identification of the individual projects contemplated, becomes startlingly apparent. Not only does the ICA operate under this cloak of vagueness, but it enjoys almost unlimited freedom to change its course in midstream, to alter during a fiscal year the direction of its programs, to transfer funds from one project to another, from one country to another, and indeed from one basic type of activity to another.

I should like to quote at this point from the fifth report by the House Committee on Government Operations entitled "Review of the Budget Formulation and Presentation Practices of the International Cooperation Administration":

Because of the broad authorities conferred upon the agency in the basic mutual-security legislation, and since its appropriations are not made on a country or project basis, ICA is not legally bound to hold to the country programs or levels of aid proposed. For example, so long as the funds appropriated for the category 'Development assistance' are used for that general purpose, the director can decide not to pursue any of the country programs presented to the Congress, and embark on entirely new programs in a different set of countries. If such new programs cannot be financed entirely from funds available within the appropriate category, ICA can invoke an unusual statutory authority which, within a very broad range,

empowers the President to transfer funds between categories (for example, from development assistance to defense support), whenever he considers it necessary to do so in order to meet emergency situations which might arise.

Since such emergencies are frequent, ICA has made it a practice to hold appropriated funds in reserve to meet them. Substantial amounts of funds appropriated on the basis of specific programs are thus immobilized. These funds, when not used for the contingencies for which they were reserved, are released for hasty programing late in the fiscal year for which they were appropriated. This has a deterring effect on the orderly and expeditious use of funds and a retarding effect on advance program planning.

Moreover, the committee concluded that:

With respect to foreign-aid projects, the budget presentation lacks information on such significant items as the total estimated cost, length of time required for completion, recipient country contributions expected and received, and reasons for delays in execution.

Mr. Chairman, I realize that there must be some flexibility in the administration of the mutual security program if it is to be effective. I know that we must be able to take advantage quickly of situations which suddenly and unexpectedly develop in foreign lands. I realize that we cannot in justice to our own national self-interest handcuff ourselves to a completely inflexible position, and that it is impossible to foresee 12 months ahead exactly what the exigencies of the international situation may be.

I do have the strong feeling, however, that the American people and the American Congress need to understand much more clearly exactly where it is proposed that these dollars will be spent, particularly with regard to development of the economies of foreign nations. This type of development, as characterized by the development of water resources, is not a sudden, hit-or-miss type of undertaking. And it is the height of inconsistency for us to handcuff ourselves to such a completely hidebound and wholly unyielding set of criteria in regard to the development of our own latent resources while having no specific knowledge whatever of the nature or the direction of the proposed developments of an identical character for which we are authorizing expenditures in foreign lands.

The future undoubtedly belongs to those countries which follow the admonition of Daniel Webster, preserved in this Chamber on the plaque directly above the Speaker's chair:

Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform something worthy to be remembered.

I know that the people of the Middle East cannot stand as a bulwark of freedom when they are diseased and impoverished, ridden by prejudice and passion, beset by defeatism, and bound by their inability to develop the latent resources of their land.

But I know too that the United States cannot maintain its position as the bastion and beacon of freedom unless the

development of our own natural water resources, the thriving industry and booming commerce which follow in its wake, keep pace with the burgeoning growth of our population.

Recently, the Chief of our Army Corps of Engineers, after a visit to the Middle East, made a signally interesting observation. He is what he said:

Last month I flew over a part of far-off Iran, which formerly was known as Persia, south of the capital city, Teheran. Centuries ago a Persian poet walked some 200 miles across that land, and he described how not once did he step from beneath the shade of trees which grew along the irrigation ditches. He told about flowers and fields full of grain and melons. As I passed overhead, I searched, but could see only one shadow, that of the plane, on the hard desert floor. Two hours later we came to the green fields and orchards surrounding Baghdad, on the Tigris River. Having seen how badly water was needed and lacking in the region, I expected to find the Tigris little but a dried streambed. Instead, there below us was a large river. Then I understood why the valley that gave birth to the earliest civilizations, provided sustenance to ancient Babylon, and prospered until its irrigation works were deliberately destroyed by the descendants of Genghis Khan was now, save for isolated spots, a barren desert. The reason is simple: The modern inhabitants are utilizing only a small fraction of the capacity of the water that flows through the parched land. We must make sure that in our country, unlike Iran and Iraq, we will develop to the fullest our water resources as we need them.

There is need, Mr. Chairman, for development of these resources in other free lands. There is need also for their development in the United States. If we are going to have yardsticks for the determination of these needs, let us make the same yardstick apply in both cases.

There are \$440 million that have been obligated by ICA and its predecessors for water resource development in foreign lands. Who can identify them? I have here a list of them. I do not know that they measure up to the standards of benefits-to-cost ratio. They have not been examined by our Corps of Engineers, nor by our Bureau of the Budget. They have not been examined from the standpoint of local cost participation that is required on each of our domestic projects; nor from the standpoint of local land enhancement. Therefore, it would be not only more acceptable to our people but it would be more justifiable to Congress to have assurance that these projects for which we are granting funds met the same criteria that are demanded of the projects in the United States.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. SMITH of Mississippi. I would like to ask the gentleman if it is correct that the amendment offered by the gentleman from Oklahoma does not go anywhere near as far as our own requirements in setting up standards for this improvement?

Mr. WRIGHT. The amendment merely requires economic justification. It simply says that no funds will be made available for any water resource project in a foreign country that does

not meet the benefit-to-cost standard or the economic feasibility requirement established for similar projects in the United States.

Mr. SMITH of Mississippi. In relation to that, I want to commend the statement the gentleman made about his supporting this legislation in the past.

I think it is fair to point out that those of us who are proposing and supporting this amendment have also been supporters of this legislation in the past and at present, by contrast with a lot of people we have worked with but who have lately failed to support the President on this issue.

Mr. WRIGHT. I think my colleague is right. I now yield to the gentleman from Florida.

Mr. CRAMER. I am delighted to welcome to the ranks of those who are in the minority who insist that standards set by the Bureau of the Budget should be observed in public works projects; and I ask the gentleman if this is not a 100-percent change of position on the part of those who are proposing this amendment as compared with their position on the Public Works Bill when it was before the House when they tried to get new projects in that were not approved and did not meet those very standards?

Mr. WRIGHT. I would answer the gentleman by saying that this is not any material change in our position. It certainly is not a 100-percent change. If it is a change at all, this is a .6 of 1 percent change. That is the only difference in the total economic value of those projects which were approved by this Congress in the Rivers and Harbors bill without the express approval of the Corps of Army Engineers.

As the gentleman knows, I think that the projects contained in our Rivers and Harbors bill were justified. Obviously, the majority of the Members of this House felt the same way, because after careful consideration and full discussion, each of those projects was approved by a substantial majority in the House and in the Senate.

I simply believe that we in the Congress would like to feel that same confidence in the similar projects contained in the mutual security authorization.

Mr. CRAMER. Mr. Chairman, I move to strike out the last word. I do not expect to take the full 5 minutes to which I am entitled, Mr. Chairman, but I do want to point out the fact that it seems to me this is a 100-percent switch in position on the part of those who came before the Public Works Committee refusing to accept the standards set by the Bureau of the Budget and who have criticized and castigated the President because of his insistence that these accepted standards should be recognized, and on which he based his veto of the omnibus bill. I am delighted to welcome them to our ranks and I trust they will support us on the public works bill that has been introduced by a large number of minority members on the Public Works Committee that does accept the standards set out in the President's veto message at which time these reasons were explained, and are the very

standards for which they are now arguing with regard to this foreign aid bill.

I trust this bill on public works, which recognizes these standards, reiterated by the President, and which they are now advocating, will be voted out of committee as so many minority members have advocated, so that the vast number of projects that are good projects can be proceeded with.

The bill that has been introduced authorized 114 of the projects, and the vast majority of those contained in the original bill would also be brought into conformity with the President's recommendations, exactly what the majority is now suggesting in this amendment. The proposed amendment conforms with the President's suggestion and I hope that it will have the effect of eliminating only 10 of the total number of projects involved.

I hope this amendment this afternoon is being offered in good faith. If it is offered in good faith I trust that the Public Works Committee will get busy at once and vote out a bill consistent with this amendment now being offered to this particular bill.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I shall be delighted to yield.

Mr. SMITH of Mississippi. First of all, let me make it clear that this amendment is not being offered in keeping with the President's veto, because the President is opposed to this amendment; and, according to the gentleman from Florida, he and the other members of our committee cannot even take a breath without permission from the President.

Mr. CRAMER. I do not yield further, Mr. Chairman.

Mr. SMITH of Mississippi. I hope the gentleman will support our amendment.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I shall be delighted to yield to the gentleman from Indiana.

Mr. HALLECK. I think the gentleman from Florida has put it very properly, that this is no place or time to make a determination about the wisdom or lack of wisdom of the President's veto of the public works bill. I am quite convinced that but for this veto we would not have this amendment at all. I think we ought to go ahead with the completion of this bill and meet the other issue in the proper way.

Mr. CRAMER. I agree with the gentleman wholeheartedly.

Mr. BYRNE of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield.

Mr. BYRNE of Illinois. I think the gentleman from Mississippi, a member of the Public Works Committee of which I am a member, is going a little too far when he says we cannot take a breath without the President giving us permission.

I want to say just this, that on that Public Works Committee we sat for weeks and months with a Democratic chairman who told us in the 1st session of the 85th Congress that he wanted us to come in with a clean bill. We worked

very diligently, and if some of the gentlemen on the other side of the aisle had exercised the same diligence and conscientious effort we would not now be talking about the cause of the President's veto.

Mr. CRAMER. The gentleman is eminently correct. I recall when so many Members of the majority side were going about bragging how great a percentage of the time they supported the President of the United States. I can recall also that last year when this discussion was had with regard to whether or not we should increase the national indebtedness, as the President had requested, that the majority was not going to go ahead and do it.

So, it appears that they accept his leadership when they see fit to do so and do not when they do not see fit to do so. Now, I would suggest to the gentlemen who are in the majority on the Committee on Public Works that we get down to business on this public works bill, which is absolutely necessary. We hear so much about doing something for the recession, so let us get down to work on this public works bill and let us vote out a good bill that will not be prejudiced by this debate.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I would like to ask the gentleman from Mississippi [Mr. SMITH] over there: Did you say we on this side did not do anything without the President's knowledge and approval? If you did, I want you to repeat it in my behalf.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. I said that the members of the minority on the Public Works Committee take no step without the approval of the President of the United States, and I will let that stand anywhere in the world.

Mr. PASSMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, without a doubt the pending amendment is sound and desirable. I think we can fortify our support for the amendment by going directly to the record. I hope that I may have your attention while I read from testimony by Deputy Under Secretary of State Douglas Dillon. He made this statement before the Committee on Appropriations last year, and I quote:

If the receiving country were a subsidiary of our Government, like the Army Corps of Engineers, then we could know that a given project would be well planned and well carried out and would warrant the allocation of so much money in a given period of time. When we were dealing with independent countries, which were free to make their own mistakes, we could not have that assurance.

Secretary Dillon has certainly acknowledged here that there is no control whatsoever under the program as it is now operated.

I have read to you from page 804 of the Appropriations Subcommittee hear-

ings for last year, and Mr. Dillon has frankly admitted that these projects are not properly supervised, are not well planned, and that we do not know whether the expenditures are justified or not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. EDMONDSON].

The question was taken; and on a division (demanded by Mr. EDMONDSON) there were—ayes 96, noes 70.

So the amendment was agreed to.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the rest of the bill be considered as read and open for amendment.

The CHAIRMAN. Is the objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Chairman, I ask that all debate on this bill and all amendments thereto close at 5:45 p. m.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ADAIR. Mr. Chairman, reserving the right to object, may I ask the gentleman if he knows how many amendments are pending?

Mr. MORGAN. I think there are only about three.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ADAIR. Mr. Chairman, I object.

Mr. MORGAN. Mr. Chairman, I move that all debate on this bill and all amendments thereto close at 5:45 p. m.

The motion was agreed to.

The remainder of the bill is as follows:

CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954 AND AMENDMENTS TO OTHER LAWS

Reorganization of Mutual Security Act of 1954

SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

(1) Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:

"CHAPTER I—MILITARY ASSISTANCE"

(2) Immediately above section 131, strike out the chapter heading and insert in lieu thereof the following:

"CHAPTER II—ECONOMIC ASSISTANCE"

"Title I—Defense Support"

(3) In section 131 (a), strike out "chapter 1 of this title" and insert in lieu thereof "chapter I."

(4) In section 131 (d), immediately after "title", insert "or chapter I."

(5) Immediately above section 141, strike out the chapter heading.

(6) In section 141, immediately after "title" both times it appears, insert "or chapter I."

(7) (A) In section 142 (a), strike out "chapter 1 of this title" each place it appears and insert "chapter I."

(B) In such section 142 (a), strike out "under this title" and "purposes of this title" each place they appear and insert "under chapter I or under this title" and "purposes of chapter I or of this title," respectively.

(8) Section 142 (b) is amended by striking out "chapter 3 of title I of this act" and inserting in lieu thereof "this title."

(9) Section 144 is amended by inserting immediately after "under this title" the following: "or chapter I."

(10) Section 202 (b) is amended by striking out "401 (a)" and inserting in lieu thereof "451 (a)."

(11) (A) Immediately after section 420, insert the following new chapter heading:

"CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND"

(B) Sections 400 and 401 are redesignated as sections 450 and 451, respectively, of chapter III.

(12) Section 405 (d) is amended by striking out "401" and inserting in lieu thereof "451."

(13) Section 410 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(14) Section 411 (b) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(15) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

(16) Section 503 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(17) (A) Section 504 (a) is amended by striking out "titles II, III, and IV, and chapter 3 of title I," and inserting in lieu thereof "chapters II and III."

(B) Section 504 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(18) (A) The first sentence of section 510 is amended by striking out "chapter 3 of title I" and inserting in lieu thereof "title I of chapter II."

(B) The third sentence of section 510 is amended by striking out "title II or chapter 3 of title I" and inserting in lieu thereof "title I or II of chapter II."

(19) Section 511 (a) is amended by striking out "title I" and inserting in lieu thereof "chapter I or title I of chapter II."

(20) Section 511 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(21) Section 513 is amended by striking out "401" and inserting in lieu thereof "451."

(22) Immediately above section 521, strike out the chapter heading.

(23) In section 521 (b), insert "of chapter II" immediately after "title III."

(24) In section 521 (c), strike out "chapter 3 of title I" and insert in lieu thereof "title I of chapter II."

(25) Sections 522 (c) and 522 (d) are each amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(26) Section 523 (c) (2) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(27) Section 524 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(28) Section 534 is amended by striking out "400" and inserting in lieu thereof "450."

(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(30) Section 537 (d) is amended by striking out "400 (a)" and inserting in lieu thereof "450 (a)."

(31) Immediately above section 541, strike out the chapter heading.

(32) Section 545 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I."

(33) Section 545 (h) is amended by striking out "chapter 1 of title I" each place it appears and inserting in lieu thereof "chapter I."

(34) Sections 545 (j) and 545 (k) are each amended by striking out "chapter 3 of", and by inserting "of chapter II or under chapter III" immediately after "title IV."

(35) Section 549 is amended by inserting "of chapter II" immediately after "title III."

Amendments to other laws

SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

(1) In subsection (a) of the first section, insert the following new subparagraph between subparagraph (4) and the last five lines:

"(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract."

(2) In subsection (e) of such section, strike "(3) or (4)" in the last sentence and substitute therefor "(3), (4), or (5)."

(3) In subsection (f) of such section, insert "or in any work under subparagraph (5) subsection (a) of this section" between "this section" and "shall not apply."

(b) In the first section of the act of June 28, 1935, as amended (49 Stat. 425), strike out "\$30,000" and insert "\$33,000", and strike out "\$15,000" the first time it appears and insert "\$18,000."

(c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert "Development Loan Fund;" before "Institute of Inter-American Affairs."

(d) In section 2 of the act of July 11, 1956 (70 Stat. 523), strike out all beginning with "An" down through "Conference and" and substitute "There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 percent of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and."

(e) Section 5 of the act of July 30, 1946 (22 U. S. C. 287q) is amended by the addition of the following sentences at the end thereof: "The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: *Provided*, That no such gift or bequest may be accepted or disbursed if the terms thereof are

inconsistent with the purposes of the National Commission as set forth in this act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any 1 year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section."

(f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes "as apportioned" is amended to read as follows: "(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 percent of such expenses."

(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following subparagraph between subparagraph (3) and the last 15 lines: "or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees."

The CHAIRMAN. The Chair will make this announcement in connection with the limitation of time. The Chair has been informed that there are 4 amendments pending, 2 by the gentleman from Michigan [Mr. DINGELL]; 1 by the gentleman from Ohio [Mr. SCHERER]; and 1 by the gentleman from Indiana [Mr. ADAIR]. Time will be allotted to those Members standing at the time the limitation motion was offered.

The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 29, line 8, strike out lines 8 through 25 on page 29 and lines 1 through 7 on page 30 and reletter the following subsections accordingly.

Mr. ADAIR. Mr. Chairman, this section, which is in the bill this year for the first time, gives the United States National Commission for UNESCO the right to receive gifts or bequests to the extent of not more than \$200,000 per year. I say that that is not proper material for inclusion in the mutual security bill. When this measure, or one similar to it, was proposed in the House a couple of years ago, it is my recollection that it was soundly defeated. I think if the committee today had ade-

quate time to consider my amendment to strike out this subsection there would be no question as to its being accepted. Among other things—and I would like to emphasize this—it provides that gifts or bequests to this Commission for the support of UNESCO may be considered to be gifts to or for the United States, for the purpose of Federal income, estate, or gift taxes.

Mr. Chairman, here we are writing tax legislation in a mutual security bill. For the following reasons, therefore, I think that this portion should be stricken from the bill. First, one similar to it was considered by the House a couple of years ago and was defeated. Secondly, it is not proper matter for inclusion in a mutual security bill, and thirdly, this is no place for tax legislation to be considered.

Therefore I ask that my amendment be supported and that that part of the bill be stricken.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CARNAHAN] in opposition to the amendment.

Mr. CARNAHAN. This section of the bill merely provides that the National Commission for UNESCO may receive gifts. If there are those who want to help support the National Commission by gifts, I see no reason why they should not be permitted to do so. Such gifts should result in a saving of money for the taxpayers if through this legislation the commission is permitted to receive the gifts.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from New York.

Mr. TABER. But the tax exemption; that is the trouble with it.

Mr. CARNAHAN. There are lots of organizations to which money can be given tax free. There is a ceiling of \$200,000 on the amount that can be given in any 1 year. So if people within this country want to help support the National Commission for UNESCO for that amount by their gifts, I see absolutely no reason why the gifts should not be accepted.

Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I want to make just one point: Apparently some believe that this section grants authority to make tax-deductible gifts to UNESCO a specialized agency of the United Nations. No, it is to the National Commission for Education, Scientific, and Cultural Cooperation which is not an international organization. It is an American commission set up by our law. Its annual budget is about \$250,000 a year, and is in the regular Department of State appropriation bill handled by Mr. ROONEY's subcommittee. It is a completely American organization working in this field, and must not be confused with UNESCO.

Mr. ADAIR. Is not its purpose to support UNESCO?

Mr. JUDD. Its purpose is to support international educational, scientific, and cultural cooperation. It works parallel with UNESCO, and they cooperate, as they should, in this field, which I think is of the greatest importance and one where we are in danger of falling behind. The Communists have made perhaps more headway, especially scientifically, because we often have not paid as much attention to it. If our private citizens or corporations are willing to contribute their money for this purpose and thereby require less of the taxpayers' money from the Congress, I think we ought to give them that privilege.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 51, noes 77.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 22, immediately below line 15, insert the following:

"(m) Add a new section as follows:

"SEC. 519. Overseas programs relating to scientific and other significant works: (a) The Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, is authorized to establish programs outside of the United States for (1) the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in research libraries and other research centers in the United States specializing in the areas to which they relate.

"(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, section 105 of the Agriculture Trade Development and Assistance Act of 1954, or any other provision of law, the Librarian of Congress may, in carrying out the provisions of this section, or, in cooperation with governmental and other agencies, use currencies, or credits for currencies, of any foreign government (1) held or available for expenditure by the United States and not required by law or agreement with such government to be expended or used for another purpose, or (2) made available under the provisions of subsection (c) of this section.

"(c) In order to make additional funds available for the purposes of this section the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government deposited pursuant to agreements entered into under section 142 (b) of this act, or section 115 (b) (6) of the Economic Cooperation Act of 1948, or pur-

suant to section 105 of the Agricultural Trade Development and Assistance Act of 1954."

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, briefly, this amendment does this. It authorizes the Library of Congress to administer for the first time a substantial and cohesive program for the purposes of evaluating foreign, technical, and scientific, and cultural materials.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I am happy to yield to the distinguished chairman.

Mr. MORGAN. The committee has looked this amendment over very thoroughly. We certainly like the principle of the amendment. We feel also the funds should come from Public Law 40. We have a very favorable report both from the Library of Congress and the executive branch on this amendment. The committee accepts the amendment.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. TABER. Mr. Chairman, this amendment is not germane to the bill or at this place in the bill.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. TABER. Mr. Chairman, this amendment sets up an outfit in the Library of Congress which is not mentioned anywhere else to review a great bunch of books. It is probably as far away from being germane as it possibly can be.

Mr. DINGELL. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman may proceed.

Mr. DINGELL. Mr. Chairman, the purpose of this bill is to permit the expenditure of counterpart funds to do something that is very necessary for America. To evaluate, index, and translate, compile, collect, and distribute in our own libraries the benefit of the best thinking of the foreign brains.

The CHAIRMAN (Mr. Boggs of Louisiana). The Chair is ready to rule.

The Chair is not, of course, passing on the merits of the amendment offered by the gentleman from Michigan. The amendment is obviously not germane to the purposes of the pending bill. The Chair sustains the point of order.

Mr. HAYS of Ohio. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS of Ohio. Mr. Chairman, I make the point of order that the gentleman from New York [Mr. TABER] was much too late in making his point of order, inasmuch as the amendment had already been read and debate had started.

The CHAIRMAN. The gentleman from New York [Mr. TABER] was on his feet at the time and was recognized by the Chair as soon as the Chair saw the gentleman on his feet. The point of order of the gentleman from Ohio comes too late.

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 22, immediately below line 15, insert the following:

"(m) Add a new section, as follows:

"SEC. 519. Overseas programs relating to scientific and other significant works: (a) The Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, is authorized to establish programs outside of the United States for (1) the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in research libraries and other research centers in the United States specializing in the areas to which they relate.

"(b) There is authorized to be appropriated such sums in local currencies as may be necessary to carry out the provisions of this section.

"(c) In order to make additional funds available for the purposes of this section, the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government deposited pursuant to agreements entered into under section 142 (b) of this act, or section 115 (b) (6) of the Economic Cooperation Act of 1948, or pursuant to section 105 of the Agricultural Trade Development and Assistance Act of 1954."

Mr. TABER. Mr. Chairman, I make a point of order against the amendment. It is not germane to the bill. It sets up activities and requires duties of the librarian. It sets up in a bill designed to provide for foreign relief activities all over the United States. It is utterly foreign to the bill itself.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard?

Mr. DINGELL. Yes, Mr. Chairman.

In the first place, we have some \$1,274,000,000 in counterpart funds all around the world being squandered on all kinds of things.

The CHAIRMAN. Will the gentleman address himself to the point of order, please.

Mr. DINGELL. I am attempting to address myself to the point of order. I am proposing an intelligent way for spending the counterpart funds which will be derived under this and other foreign aid bills for the benefit of the people of this country. I think that is mighty germane to the matter before us.

The CHAIRMAN (Mr. Boggs). The point of order is well taken. The same objections which prevailed as to the first amendment obviously prevail here.

The point of order is sustained.

Mr. SCHERER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SCHERER: On page 30, line 8, strike all of subsection (f), lines 8 through 14.

(Mr. SCHERER asked and was given permission to revise and extend his remarks.)

Mr. SCHERER. Mr. Chairman, section (f) of the present bill deals with our contribution to the International Labor Organization. This is the first time such a provision has been contained in a mutual security bill. Heretofore we have provided for our contributions to the International Labor Organization by separate resolution. From time to time we have increased these funds by joint resolution. In fact, the Senate last year passed such a resolution increasing our contribution, and it is now pending in the Committee on Foreign Affairs. This whole subject of our continued and increased contribution to ILO and our continued membership in ILO should be carefully considered and debated by this Congress, and should not be included as a rider in this bill. We should spend hours of debate on this subject, because the International Labor Organization today is nothing but a forum for the promotion of Socialistic and Communist ideology and the advancement of the foreign policy of the Soviet Government. But whether ILO does what its supporters say or whether it does what I say, this amendment is bad, for the simple reason that heretofore we have placed a dollar limitation on the amount of the United States' contribution to ILO. If this amendment that is contained in the bills passed, we are giving a blank check to the International Labor Organization to expend it for programs, the extent of which and the nature of which we know nothing about and which I am sure in some cases will be detrimental to the interests of the United States. Yet today we say whatever this International Labor Organization decides to do, no matter what amount of money it decides to expend, we agree to pay 25 percent of the cost. So we are giving a blank check to this International Labor Organization.

How can we reconcile the provisions of this section when in this Congress some object to even giving to the President of the United States authority, in the new Defense Organization setup, to transfer funds from one agency to another or from one program to another?

Although we have placed a ceiling on the total appropriation for the Defense Department, we hesitate to give the President of the United States authority to even transfer funds. But by this section we are giving to an international organization over which we have absolutely no control, over whose programs we have no control, the right to spend as much money as they want and we will pay 25 percent of it. We will rue the day we adopt legislation like this.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this section of the bill merely provides that the ceiling on our contribution to ILO shall not exceed 25 percent of the budget of that organization. That is what we have been paying for years, and it is lower than our assessment in most of the other specialized agencies.

It is no blank check, because the money must be appropriated every year by the Appropriations Committee to pay this amount. We have here just the simple question of whether or not we are

going to pay our regular assessment to an organization in which we hold active membership.

The dollar limit on our payment now is less than our share. We are in arrears. If we are going to continue to be a member of the organization we ought at least to pay our dues, and that is what this section of the bill is designed to do. We pay 25 percent of the budget each year, and that is the limit; we will pay no more if this section stays in the bill. At the present time the dollar limit is less than our 25 percent.

I would have no objection to adding also a dollar limit, but the 25-percent ceiling alone is probably better than adding a dollar limit. I ask that the pending amendment be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, let me say first of all this amendment is not an unprecedented procedure, as has been suggested. What we are doing now for ILO is just what we did in the mutual security bill year before last for the World Health Organization. It had been done previously for the Food and Agriculture Organization. To put a percentage limitation on our contribution is much more satisfactory than having a dollar ceiling which has to be lifted from time to time.

Let me also remind you that percentage-wise, the ceiling on our share of the budget of ILO is 25 percent, which is the lowest of any such international organization of which we are a member. In World Health Organization, our share is 32.34 percent; UNESCO, 31.3 percent; and the United Nations itself, the parent organization, 32.5 percent. I should like to bring our share of those budgets down to 30 percent, and to keep the ceiling on ILO at 25 percent. To make our ceiling \$3 million, as originally proposed, would allow our share to go up to 30 percent or more for ILO, too.

Mr. Chairman, it is bad to have the United States in arrears in its dues for in an organization of this sort—in fact, in any organization to which we belong. Either we ought to be able to pay up in full or else get out of the organization.

Sometimes the charge has been made that the ILO is dominated by the Communists. I took occasion to check on this and found that there have been consistently larger majorities against proposals and maneuvers of the Communists in the ILO than in the United Nations itself.

I hope this amendment will be defeated.

Mr. SCHERER. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. SCHERER. Is it not a fact that in the ILO the United States has but 1 vote out of 79?

Mr. JUDD. Yes; that is the situation in the United Nations and all the specialized agencies. We have never suffered because of that fact. Our positions have been sound and they have won majority support. I repeat that in the ILO we have consistently received larger ma-

jorities over the Communists than in any other similar organization.

Mr. SCHERER. That is not so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SCHERER].

The amendment was rejected.

The CHAIRMAN. The Chair is informed that there are no further amendments at the Clerk's desk. The Chair has on the list to be recognized the gentleman from Michigan [Mr. KNOX], the gentleman from Michigan [Mr. HOFFMAN], the gentleman from West Virginia [Mr. STAGGERS], the gentleman from Ohio [Mr. VORYS], and the gentleman from Pennsylvania [Mr. MORGAN]. Do these gentlemen desire to be recognized?

Mr. KNOX. Mr. Chairman, I desire recognition.

The CHAIRMAN. The gentleman from Michigan is recognized.

(Mr. KNOX asked and was given permission to revise and extend his remarks.)

Mr. KNOX. Mr. Chairman, I am opposed to the mutual security bill which is before the House for consideration today basically because of the fact that there is a large unexpended balance now remaining in the fund. June 30, estimate is \$5,194,000,000 of unexpended funds, and with the addition of the amount that is in the bill today, we will have over \$8 billion.

Mr. Chairman, this amount, of course, would be an amount equal to what the ICA and military could spend in a period of 2 years, and I am opposed to the stockpiling of American tax dollars for foreign aid.

(Mr. ROGERS of Florida asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ROGERS of Florida. Mr. Chairman, each year since I have been in Congress and the foreign aid bill has been debated, I have been struck with one prominent fact: there are on hand billions of dollars of unspent funds for this program at the time we are asked to appropriate additional moneys for it. Last year we were told, when the program was cut by millions of dollars that the results would be disastrous, yet nothing happened, rather, there are again billions left over. I feel very strongly that this year the Congress should face this problem of excess authorizations and excess appropriations and begin to relieve the burden that has been borne by the American taxpayers for 10 years in the amount of over \$50 billion for foreign aid.

That there is more money on hand than is prudent is borne out in the minority committee's report, as follows:

The mutual security program is overfunded. It is estimated that as of June 30, 1958, there will be a total unexpended balance of \$5,194,922,000. To this the bill under consideration adds a new authorization of \$2,958,900,000. In addition, the appropriation request includes \$644,192,500 which was authorized last year. This will make a total dollar pipeline of \$8,798,014,500. There must also be added, however, a total of \$1,861,887,000 in unexpended mutual security local currencies and Public Law

480 currencies administered by mutual security agencies. There must also be added the anticipated deposits during fiscal year 1959 of additional local currencies similar to those above of \$1,469,406,000. These sums when added together mean that there will be \$12,129,307,500 in the pipeline consisting of \$8,798,014,500 in dollars and \$3,331,293,000 in local currencies.

Although many of the local currencies cannot be used in precisely the same manner as dollars, local currencies could, if the effort were made, greatly reduce the request for additional dollar authorizations. To grant additional funds, when such huge sums are already available, is clearly unnecessary. Strenuous efforts should be made to use more efficiently funds in the pipeline, rather than to authorize additional billions.

Also, I am greatly concerned with reports of the Comptroller General and the Government Operations Committee of the House. Both have been critical of the lack of planning that exists in the program; of the administration of it; and of the lack of audit. Discussion on the floor of the House also brought out the fact that neither the Congress nor the committee know in advance what specific programs are to be undertaken.

Each year I send out an annual questionnaire to the people of my district, and each year the people have percentage-wise consistently voted against foreign aid. This year almost 28,000 people have answered this questionnaire. In answer to the question, "Do you favor additional foreign aid while there are on hand unexpended funds," 83.8 percent voted "No." To the question, "Do you favor a reduction of foreign aid funds?" 85.6 percent voted "Yes."

I know that the people of my district are vitally concerned and distressed with this program. The anti-American demonstrations that have been taking place the last few days in various places all over the world certainly point up the need for this program to be critically reevaluated and changes made. It is my feeling that more effort should be made to help our friends through agencies such as the Export-Import Bank and the World Bank rather than through grants and gifts made in an attempt to buy friendship. Business loans rather than outright grants result in mutual respect between countries and lay a firm basis for friendly relations not based on coercion.

(Mr. HOLIFIELD asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HOLIFIELD. Mr. Chairman, I rise in support of the mutual-security bill. As I have listened to some of my colleagues during the last 2 days, I could well believe that the events of the past 15 years have made no impression on them. It is as though time has stood still.

A revolution has occurred in the past 15 years throughout the world. Empires have crumbled. Three-quarters of a billion people have broken the bonds of colonialism. They are floundering in heavy political and economic seas. They need our help. They will either join the free world or the slave world.

More than one-third of the world's population is behind the Communist iron curtain.

Another third are among the free world allies.

The final third are uncommitted. It is this third of the world's people and resources for which we struggle in the cold war. This third will be the deciding factor as to whether men shall be slave or free. I said that the world is experiencing a world revolution.

This revolution is taking place in the field of chemistry, in the field of industrial production, in the field of political structures, and in the field of war-making capacity.

In chemistry I call your attention to the new miracle drugs such as cortisone and the Salk vaccine. Chemical discoveries that are incalculable benefits to suffering humanity.

In industrial production we see the capacity of the United States doubled in the past few years—we see the capacity of the Soviets rise by a factor of five since 1945. We see Japan and West Germany developing anew their industrial power.

The capacity to destroy by the new nuclear weapons of war cannot be defined or estimated. One hydrogen bomb can release 10 or 15 times all the power of bombs dropped in World War II.

We have stockpiles in the three atomic-hydrogen weapon-owning nations that are enough in size and number to destroy every military target and industrial center in the world. The subsequent casualties of human life would, if these weapons are used, have to be counted in hundreds of millions.

These are the reasons that the problem of preventing nuclear war is the primary challenge to man today. These are the reasons that the techniques, the know-how, the technical knowledge of our high-production society must be brought to our friends in the free and uncommitted world.

We are spending \$40 billion per year in defense expenditures to make war or to defend ourselves from those who might make war against us.

Is it too much to spend? Is it too much to gamble for peace to ask that less than 10 percent of that annual amount be spent for strengthening our friends in the free world? Is it too much to spend to strengthen new nations, recently organized and desperately trying to gain stability?

The alternative to our assistance, of course, is Soviet assistance. If we are to leave the field of competition for the minds of free men, then let us take the position of those of my colleagues who oppose any form of mutual-security aid.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, first I would like to say that I am for this bill and will vote for it, but I am going to do so reluctantly because of so much unemployment in my district. There are a great number of Americans who cannot understand their children being hungry and we sending so many billions

of dollars abroad. However, I believe it has an ultimate good purpose.

Mr. Chairman, I have here a clipping showing one of the large plants in my district, a Government-owned plant, that cost \$65 million when it was built. Now it would cost \$150 million. It is going to close on June 30, and all of the people will be out of work. I would like to suggest to the administration or those in charge that they keep this plant operating and keep the men and women there employed. As far as foreign aid is concerned, they could use the products they are producing there now, and in that way the people could be kept at work and their children fed. I will vote for the bill, but there are a lot of my people who cannot understand why Americans are voting for this program and not voting for something to keep Americans clothed and fed.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to advise the gentleman and have the RECORD show the gentleman from the Third West Virginia Congressional District has no intention of voting for the bill.

Mr. STAGGERS. I thank the gentleman.

Mr. BYRD. Mr. Chairman, the days of mythology are not yet past. In grade school we were taught that it was only in ancient times that men believed in myths and fables. But since the Second World War, we have witnessed the growth of a new age, or myth and fable. It is an age in which we are told that American foreign aid given to nations all over the globe will assure peace, friendship, and the growth of democracy. These are convenient beliefs. They permit us rest from the rigors of American leadership in world affairs and cultivate the vision of a delightful world that never was. But alas they are only myths. They do not conform to reality. They are myths that are costly to the national pocketbook and more important, they are costly to the defense of American security itself.

The foreign aid bill is again before us. The present bill authorizes an additional expenditure of \$2.96 billion. Mr. Chairman, during my previous service in the House of Representatives, I have voted for the foreign aid authorization bill. I have been strongly opposed to certain features of it and I have, over the years, supported those amendments the purpose of which was to reduce the total amounts or to delete authorizations for expenditures of money in certain countries such as India and Yugoslavia, countries which can never be fully depended upon to take a firm stand with America against Communist Russia.

I have had reason to believe that the criticisms and objections which have been made in the past to this legislation would be met finally by the administration and that we could begin to look forward to a reduction in expenditures for the program. I now see no such reduction in sight. On the other hand, it appears to me that the program will

not only be conducted at its present levels but it will apparently be expanded in the years ahead. I am in favor of authorizing further expenditures for military assistance to some countries. But I am opposed to furnishing massive amounts of assistance to countries that are either neutral or that lean toward the Soviet Union.

There has been no consistency in our approach in recent years, and in some cases, our aid has even been more substantial for neutrals than for our friends. Military equipment has been provided to some countries in which instances the equipment has had no relation to the capacity of the United States or of other nations to meet Soviet aggression. Much of our military assistance is beyond the capacity of some of the recipient nations to utilize. In many instances, the assistance is resented by the local populations as representing an effort by the United States to interfere in the domestic policies of the nations involved. Some of the equipment has been used by recipient governments for the subjection of the local populations or for use against friendly neighboring countries. Mr. Chairman, I am voting against the bill this year as a protest against such utilization of our military assistance. I cannot vote to authorize the administrationwide latitude in the handling of additional billions of dollars for foreign aid, much of which is wasted, while the same administration shows so little urgency in the matter of stemming the decline of our country's domestic economy at a time when over five million Americans are out of work and additional untold numbers are working only part time. Moreover, my vote is a protest against certain other features of the program as it is presently being carried out, and I shall be glad to explain these.

First of all, Mr. Chairman, the loss of congressional control over the military assistance program continues and increases with each passing year. Last year the Congress authorized the appropriation of military assistance funds on a no-year basis, the funds to continue available until obligated without reference to fiscal years. The error is repeated in this year's bill.

Secondly, the foreign aid program is overfunded. It is estimated that as of June 30, 1958, there will be a total unexpended balance of \$5,194,922,000. The present bill would authorize an additional \$2,958,900,000. In addition, the appropriation request includes \$644,192,500 which was authorized last year. This makes a total dollar pipeline of \$8,798,014,500, but there must also be added a total of \$1,861,887,000 in unexpended mutual security local currencies and Public Law 480 currencies administered by mutual security agencies. There must also be added the anticipated deposits during fiscal year 1959 of additional local currencies similar to those I have already mentioned in the amount of \$1,469,406,000. In adding these sums together we find that there will be \$12,129,307,500 in the pipe-

line. To grant additional funds when such tremendous sums are already available is unnecessary and unwise.

A third objection is that inefficiency in the handling of the program is, in many instances, shocking. Over the past nine months the Comptroller General has released 12 reports on the military assistance program, one covering operation of the program generally, another covering the Army's administration of its portion of the program, one covering redistribution of excesses, and the remainder covering individual country programs. The Comptroller General, in each of these reports, criticized slipshod programing, faulty execution of military assistance, and faulty programing. Numerous instances were reported where material was programed even though the material was already on hand in sufficient quantities in the recipient country or in a neighboring country in surplus quantities. In one case, vehicles were programed and radios for the vehicles were similarly programed. The radios remained scheduled for delivery even after the vehicles had been deleted from the program. The Comptroller General also found that under the heading of military assistance, band instruments and water coolers were programed for Turkey, and nylon stockings for Korea. Equipment has been programed under grant aid in Japan even though a capability reportedly existed for production of the same items in Japan. These are but a few of the many deficiencies in programing and administration found by the Comptroller General. Other examples could be given but the information has been classified by the Department of Defense.

An additional objection, Mr. Chairman, is that the military-assistance program had never, up until the time of the Comptroller General's review, been subject to a systematic and continuous internal audit and management review and the Comptroller General made this statement himself when he appeared before the committee during the hearings. Consequently, there have been an inadequate control of documents, inaccurate recordkeeping, and lags in reporting deliveries. Spare-parts requirements have not been computed accurately due to the use of unreliable data and lack of information as to country stock balances and spare-parts consumption. In some cases excess spare parts have been disposed of as surplus in a country while requisitions for the same items were concurrently being processed for delivery from the United States. Some of these surplus items of United States equipment have been so cheaply sold at giveaway prices abroad that it has, in some instances, become a racket. The items are even resold to markets in the United States cheaper than our own manufacturers can produce them. This has been true of automobile parts and firearms that have been returned after surplus sales abroad.

I also object to the bill before us, Mr. Chairman, because it includes authorizations for both military and economic assistance. Separation of the program into its two major components would

facilitate an informed evaluation by the public and the Congress of the different elements of the program. I think that military assistance and economic assistance should be voted on in separate bills, thus permitting each to stand or fall on its own merits. The way the bill is before us today we are forced to vote for all or nothing. The military-assistance items should be included in the regular defense budget and removed from the so-called foreign-aid bill. The Defense Department handles the military part of the program anyhow, and the military items should be considered as a part of that Department's budget when it comes before the House.

Defense is defense and there should be no attempt to camouflage the economic assistance part of the program with a military assistance cloak and vice versa. Each should be considered separately.

Mr. Chairman, I do not oppose foreign aid that is wisely conceived and well executed. But today our foreign aid program does not measure up to either of these standards. What we must do, I believe, is to see foreign aid for what it really is and stop looking at it through glasses of rose-colored cellophane. When I say we have built a mythology about foreign aid, I mean exactly that. I mean that our foreign aid is not going to make one single solitary nation a friend for the United States, no matter how many billions we pour into that nation's defense establishment or its economic development program. Nor is there any guaranty, whatsoever, that any newly emerging nation in Asia or Africa is going to develop into a democracy rather than a dictatorship just because it receives aid from the United States. Likewise it is utter and tragic nonsense to think that an increase in the level of economic well-being in a foreign country is going to make that country peace loving. And it is rank irresponsibility to try to make the American people believe that an increase in foreign aid appropriations is a substitute for doing the hard work of formulating a sound American foreign policy.

If this mythology is stripped away, we will see that foreign aid is actually one of many important instruments we have used to achieve the goals of our foreign policy in the past decade. But foreign aid is not a policy in itself; it is only one instrument by which policy is carried out. Foreign aid will not even be an effective instrument unless there is clear, vigorous and realistic foreign-policy leadership from the President. But during the past few years there has been an ever-increasing lack of coordinated administrative policy. Congress cannot supply this leadership of the Nation. It must come from the President who speaks for all the people in our relations with foreign governments. But Congress can expose the foreign aid mythology promoted by the Government and it can insist upon the necessity that foreign aid be conceived in a new and realistic light as the instrument of a new and realistic foreign policy.

The myth that a foreign aid makes friends for the United States is as pervasive as it is false. Examine the testimony of the leading administration officials when they appear before congressional committees to argue for foreign aid. They do not bluntly claim that we can buy friends. But the belief tends to pervade a good part of their testimony, especially in the implication that we had better step up the aid program if we intend to win the race with Soviet Russia for the friendship of the so-called uncommitted areas of Asia and Africa. Each of us knows from our personal life that our friendship does not go simply to the highest bidder at the auction block. Friendship is a mysterious combination of respect and fellow feeling, of a sense of common purpose and the deep emotional knowledge that we just like a person. You simply cannot buy genuine friendship. We need no better proof of this agonizing fact than the vicious anti-American demonstrations that are being conducted in Lebanon, in Algiers, in Venezuela, and in various other countries where similar rioting has occurred. Such demonstrations are also proof that our foreign aid and foreign policy programs need to be critically reexamined.

We are also in danger of forgetting a related truth. It is the plain fact that friendship is a relationship unique to human beings and is beyond the capacity of governments. Friendship between governments, if you can call it that, is based on the mutuality and compatibility of national interests. As national interests change, national friendships may also dissolve or even turn to hostility. The United States was locked in mortal combat with Nazi Germany only 14 years ago; today the German Federal Republic under Chancellor Adenauer is rapidly becoming our closest ally on the European continent. Germany and America today have a common interest in preventing Soviet domination of Europe. But unless that common interest existed first, no amount of dollars from America could force the foreign policies of our two countries to pull together for our mutual security.

These political facts of life also demonstrate that it is foolish to expect countries receiving aid to be grateful and offer thanks to the United States on a silver platter. Our friends and allies recognize that we extend aid to them because it increases our own national security.

The second myth we must recognize is the widespread belief that economic development will produce democratic societies in the Asian and African nations which are just now emerging from a long history of colonial suppression and tribal feudalism.

We give foreign aid in the belief that this assures the growth of democracy in these new nations. It has taken many hundreds of years to produce democracy as we know it. And even in the Western World, we have to admit that the life of political democracy is precarious. There are occasional lapses into

dictatorship. Hitler and Mussolini rose to power in western Europe, the very seedbed of democracy. How then can we accept the administration's word that foreign aid will vanquish the threat of communism in the newly developing countries and win the battle for democracy? Democracy may emerge the victor, but it will be after a long and difficult battle. The battle will not be won by pouring in American dollars. A crash program of economic development and industrialization in the midst of a feudal and authoritarian social life will only produce stronger authoritarian institutions, not political democracy. Unless we recognize this truth we will be in danger of throwing our money down the drain of false hopes. It is going to take a lot more than money to create democracy in agrarian societies where literacy, wealth and political authority converge upon a few individuals.

The belief that economic development makes a country peace-loving is a corollary of Marxism and wishful thinking. What is a peace-loving country? It is a country whose interests for the moment are best served by maintaining the international status quo. United States foreign aid is not likely to change a nation's conception of its own national interests. A nation that seeks to dominate its neighbors will continue this policy regardless of the amount of American foreign aid received. Yet we are told year after year that the economic development of the currently less-developed areas will lead to international cooperation and peace. But economic well-being does not guarantee peace, and poverty does not inevitably lead to war. The major aggressors of the 20th century have come from the ranks of the world's most developed and wealthy nations. In fact, it is difficult to conceive of any state starting a war of consequence without the wealth of a modern industrial economy. It is thus a myth to believe that foreign aid by itself will purchase peace for the future.

But the most dangerous of all myths is the belief that foreign aid is a substitute for a vigorous and realistic American foreign policy. Yet this is exactly the conviction upon which the administration seems to be acting. Today our foreign-aid program is not the effective instrument of a carefully conceived foreign policy, directed at the global challenges facing our Nation. Foreign aid just keeps rolling along the same old lines although the foreign policy problems have changed substantially in the last decade. And as it rolls along, the layers of mythology get thicker and thicker, hiding from our view the underlying realities.

When the foreign-aid program was first inaugurated under the leadership of President Truman, it had a clear, specific, and realistic part to play in helping to realize our foreign-policy goals. Economic aid was designed as one instrument to help reconstruct the war-torn economies of Western Europe so the democratic governments could resist the threat of Soviet domination from outside and Communist subversion

from within. Later our military aid helped speed European rearmament when it became apparent there was also danger that the Red Army would march across Europe. The goal of our policy was to build the defenses of Europe against the spread of communism. Foreign aid was one of the means used to do this. But it was only one instrument and it was integrated into a total effort by the United States. We made a clear commitment to go to the defense of Europe in case she was attacked. We backed it up with our political, economic, and military strength. Foreign aid played a vital role in this effort. It was successful, because it was realistically conceived as a means of building the defenses of nations that shared a common interest and who were faced with a common threat. There was no foolishness about buying friends or making democracies from historically undemocratic societies, or saying that aid would help to make the European states peace loving. We stood together in the path of the potential aggressor, Soviet Russia.

Now all is changed. Europe is on its feet economically and American aid has helped to rearm the continent. Today the bulk of our aid goes to non-European areas—to Asia and the Middle East. Many of the nations now receiving American aid do not want to enter military alliances with the United States. Some are not even democracies. The Soviet threat appears to be vastly different in these areas than it was in Europe. The great tragedy is that we have no larger framework of policy in which our aid program for Asia and Africa is a vital instrument. Our foreign policy has remained the policy of the Marshall plan era with but few additions. What we need is a new policy of effective American leadership. Then we should consider how that policy can best be implemented. If foreign aid is a useful instrument, then let it be planned to fit the new policy requirements and the actual situations in these areas.

Take the Middle East for example. We do not have a clear and definite United States foreign policy toward the Middle East, or even an understanding of what should be the role of foreign aid there. After years of "letting the dust settle," the administration finally came forward with the Eisenhower doctrine at the end of 1956. It was an expression of American concern and intention to help defend any country attacked by the forces of international communism. The President asked Congress for authority to reallocate \$200 million in foreign-aid money to strengthen the defenses of the Middle Eastern countries.

But what is our policy for the Middle East? What are we doing and what do we plan to do to protect the friendly pro-Western Government of Lebanon against the hostile Communist-inspired moves of her Syrian and Egyptian neighbors?

What about Israel in this same hostile sea? Is it our policy to support the old guard feudal chieftains in Arabia while their people live in poverty? Are we going to continue to permit an unpredict-

table and undependable Nasser to carry out his ambitious schemes to become lord over the waterways and the vital oil-fields of the Middle East? Are we going to devise a policy and a program which can effectively counteract the Soviet infiltrative and subversive thrust in that part of the world?

Do we have anything positive to offer the Middle East to counter the Soviet ideological crusade? Are we in the Baghdad Pact or are we not in the pact?

No one seems to know the answers to these questions. There are no answers to be had from the administration, because the administration has no policy for the Middle East. Because we have no policy we do not know what our foreign-aid program is really supposed to accomplish there, or what kind of aid should be given, to which countries it should go, and indeed if aid should be given in the Middle East at all.

This same kind of catalog of vacillation, indecision, and failure to supply clear American leadership could be reproduced for other critical areas of the world. The particular problems differ, the American response has been the same. Yet foreign aid continues in all of these areas. It continues but to what purpose, for we know not what it is supposed to accomplish. The only answer that the Government has for aid outside Europe is the list of myths I have just analyzed.

A foreign-aid program without a foreign policy to direct it is like a spirited horse without a rider. Foreign aid will not achieve its purpose unless carried out as a part of a larger foreign policy which is sound and realistic. We do not now have such a foreign policy, and I am against any further authorization of American taxpayers' dollars to other countries, some of which countries are giving their own people tax relief, until a program can be devised to reduce inefficiency and the utter waste of money and equipment, until a program can be formulated which is directed toward the assistance only of those countries that are dependable allies, and until we have a foreign policy that will be effective against the increasing Communist peril that confronts us.

VIEWS OF JEWISH WAR VETERANS ON MUTUAL SECURITY PROGRAM

Mr. LANE. Mr. Chairman, under leave to extend my remarks in the RECORD, I wish to include a statement by Bernard Weitzer, national legislative director of the Jewish War Veterans of the United States of America, at their recent convention:

JEWISH WAR VETERANS
OF THE UNITED STATES OF AMERICA,
Washington, D. C., May 12, 1958.

Hon. THOMAS J. LANE,
House Office Building,
Washington, D. C.

DEAR MR. CONGRESSMAN: In voting on the mutual security program reported by the Foreign Affairs Committee, you have it in your power to strengthen one of the most critical areas of our national security. Our organization feels so deeply on the urgency of this element of our national defense that we passed four distinct resolutions in this field at our recent annual convention. These resolutions, together with a statement, are

attached. I hope you will read and give full consideration to our views expressed herein.

May I respectfully urge you not to cut the authorization voted by the Foreign Affairs Committee? Our national security ranks higher than dollars.

Using enough dollars now is preferable to risking the lives of our youth later. Furthermore, since 80 percent of mutual security program dollars are spent in this country, cuts in the program will add to our current unemployment.

With all good wishes,

Cordially,

BERNARD WEITZER,
National Legislative Director.

STATEMENT ON THE MUTUAL SECURITY PROGRAM
BY BERNARD WEITZER, NATIONAL LEGISLATIVE
DIRECTOR, JEWISH WAR VETERANS OF THE
UNITED STATES OF AMERICA, APRIL 9, 1958

On behalf of the Jewish War Veterans of the United States of America, I welcome this opportunity to present our views in support of the mutual security program as proposed by the President and to express our appreciation for this privilege.

Our support for the essentials of such a mutual security program has been continuous over a period of 10 years. At the end of this statement are copies of the 4 resolutions on this subject passed at our 62d annual national convention held in Boston in August 1957. Please consider these resolutions as a part of my statement to be included in the record of the hearings.

Never before during the 10 years has there been any greater need for such a program, except possibly when the Marshall plan was originally proposed. The overall results during the past 10 years from the aid which we have extended, must be adjudged as most successful. One measure of our success is the fact that the Kremlin's masters of communism have, during the last 2 years, embarked on an economic-aid program, themselves, although their motives, unlike our own, are to use such aid as additional means for accomplishing their aims of subversion and domination of the countries to which the aid is extended.

Under these circumstances, can it be anything but unwise and dangerous to our national security to cut back on the recommendations made by the President in his message of February 19, 1958 to the Congress? As a veterans organization, one of our primary interests is the national security of the Nation for which our members and all other war veterans fought during the wars of the last 60 years. As the President said so vigorously in his message, the mutual security program is an essential part of our national defense which supplements the Armed Forces that we and our allies maintain. It is an ingredient of our overall defense which cannot be spared unless we are willing to see Communist domination of important world areas expand.

During your hearings, you have heard criticism as well as praise of the mutual security program as it has been administered. Even the most rabid critics have not recommended the extinction of our Government's activities in this field. Their aim has been, principally, to deride mistakes that may have been made so as to discredit the program as a whole thereby to persuade your committee and the Congress to strangle the program bit by bit through cutting the authorization and the appropriations. The Director of ICA has dealt adequately with these criticisms in my judgment.

This is not to say that there have been no failures and no mistakes. In Government as in business, faulty judgment and mismanagement are bound to appear in programs of great magnitude. The correction of such situations cannot be accomplished by cutting the amount of money required to achieve the results which are essential

to our national security. I am confident that your committee will do what is legislatively possible to protect the expenditures of the full amount asked for by the President from waste. The task ahead of us is a most difficult one. Russian communism is an outspoken enemy which declared forthrightly its determination and expectation to dominate the world. Its efforts are constantly advancing in vigor and strength. It is striving to overcome first of all, the nations which we are aiding through the mutual security program even though at the same time, it is striking directly at the United States by every means at its command short of the use of arms. Under these circumstances, I am confident that your committee will not cut down the funds which the President declares necessary to carry on the program which has thus far been an overall success.

MUTUAL SECURITY PROGRAM

Whereas our organization has, for 10 years, consistently supported the essential elements of the mutual security program and appropriations fully adequate for the needs thereof; and

Whereas the military aid, economic support, in the form of loans and grants and technical assistance made available under that program have strengthened our traditional allies and the independent nations of the world, especially those newly independent since World War; and

Whereas the results of the mutual security program have inured to our own country's improved military defense and capacity for swift retaliation in the event of any Communist attack; and

Whereas the combination of our own strength and the capacity of the nations which we have aided, to withstand the subversive and infiltrating activities of the Communists has served to deter Communist aggression and to frustrate their intent to dominate the world: Now, therefore, be it

Resolved, That the Jewish War Veterans of the United States of America in 62d annual national convention assembled in Boston, Mass., August 12-18, 1957, wholeheartedly supports the President's minimum request for funds to carry out the mutual security program as proposed in the President's message of May 21 to the Congress and reaffirms its confidence that the dollars thus appropriated will be the most effective expenditure our country can make in achieving a durable, just peace.

MUTUAL SECURITY PACT FOR THE FAR EAST

Whereas the situation in the Far East and the Southwest Pacific, with newly independent nations subject to the subversions, incursions and aggressions by Soviet and Chinese communism, presents a serious danger to the security of the free world, including the security of our own Nation; and

Whereas the Pacific pact which includes Australia, New Zealand, Pakistan, Philippine Islands, Thailand, the United Kingdom, France, and the United States has been entered into as a defensive step patterned on the mutual security program, which provided such an effective stop to the Communist advance in Europe: Now, therefore, be it

Resolved, That the Jewish War Veterans of the United States of America in 62d annual national convention assembled in Boston, Mass., August 12-18, 1957, urge the President and the Congress to intensify and enlarge the pact which is especially adapted to the needs of the situation in the Far East and Southwest Pacific, including substantial technical assistance as well as grants-in-aid, in order to strengthen the economic well-being, the political and governmental institutions and the defense posture of these independent nations, and such other nations in that area as wish to become signatories of the Pacific pact, to the end that they

may be better able to defend their freedom against the machinations of the Communist enemy.

UNITED NATIONS SPECIALIZED AGENCIES

Whereas the basic instincts of people of all races in all parts of the world are directed toward the continuation of their lives and the lives of their children; and

Whereas the specialized agencies and funds of the United Nations, such as the United International Children's Fund, the Food and Agricultural Organization, and the World Health Organization which are respectively directed:

1. To provide food and medicine for starving children;

2. To training the underfed nations and peoples in methods of agriculture which will produce more food supplies that will enable them to raise their daily calorie intake somewhat closer to half of what the average American eats each day;

3. To training in sanitary measures and rudimentary health treatment which will eliminate or cut down the heavy toll of death and sickness from such diseases as malaria which greatly depletes the working days per year of the peoples who need this help; and

Whereas, these nations and peoples, in many cases, produce materials of great importance to American industry and to the industries and economies of friendly nations: Now, therefore, be it

Resolved, That the Jewish War Veterans of the United States of America in 62d annual national convention assembled in Boston, Mass., August 12-18, 1957, continue its support of these specialized agencies of the United Nations and urge Congress to make larger appropriations for the activities of these agencies.

TECHNICAL ASSISTANCE PROGRAM

Whereas the technical assistance program conducted by the United Nations and independently by our own Government have been most warmly welcomed by those countries which have participated in such programs; and

Whereas these technical assistance programs have been of the greatest help in the underdeveloped areas of the world and especially because many of the countries in those areas are being tempted by the lures of Communist propaganda; and

Whereas in many of these underdeveloped areas there are raw materials of great importance to our own national needs and whose production can be largely increased by a technical assistance program properly adapted to the country involved and efficiently carried out: Now, therefore, be it

Resolved by the Jewish War Veterans of the United States of America in 62d annual convention assembled at Boston, Mass., August 12-18, 1957, That both bilateral technical assistance program originally known as the point 4 program and the United Nations technical assistance program be greatly expanded and much more liberal appropriations be made for such technical assistance programs than have hitherto been granted.

Mr. HOLTZMAN. Mr. Chairman, we have before us in the House at the present time a bill which will authorize the necessary funds to ensure the continuation of the mutual security program.

During the last 3 days much has been said for and against this program. However, in weighing all those arguments I am firmly convinced that the only thing to do, and the right thing, is to support the bill without any crippling amendments.

The House Foreign Affairs Committee gave this legislation close and careful scrutiny for approximately 2 months,

and has reduced the overall amount to be appropriated by some \$339 million. The program will extend military and economic aid to some 63 countries as well as to 10 territories of other nations. Of those, 41 countries will be given military aid, representing 55.4 percent of the total amount to be appropriated; and 22 countries will receive economic aid, representing 44.6 percent of the total amount.

The members of the Committee have made an able presentation of the facts, and of the necessity for the passage of this bill. Reports on the administration of the mutual security program from the Committee on Government Operations, of which I was formerly a member, were made available to the Foreign Affairs Committee, and I believe that the latter committee in reporting the bill has come up with safeguards which will dictate better administration and control of the program in the future, thus enabling the Congress to discharge more clearly and firmly its responsibility to the American taxpayer by cutting down on waste and inefficiency.

For the last few decades, particularly since the end of World War II, Communist aggression has placed many countries behind the Iron Curtain, and has completely shut off from the world many millions of people. We know that the ultimate goal of the Soviet Union is complete domination of the entire world. The United States, as the leader of the free world, cannot and does not intend to let that happen, and for our own safety and security, as well as that of our allies and the remaining neutral nations, we have directed our efforts toward perfecting a system of mutual assistance which will benefit all of us. We are waging the cold war with weapons of economic and military aid.

In encouraging these countries to develop their natural resources, and to promote their own economic growth, we are thus enabling them to resist being pulled into the Communist bloc.

Our continued security and freedom depend upon a real collective security program that will assist all the nations of the free world to withstand the onslaught of aggression and totalitarianism. This bill will give us an effective means of providing that protection.

I urge my colleagues to adopt this measure, and I point out that the proof of the effectiveness of such a program in the past is the fact that the Soviet Union itself, during the past several years, has embarked on an economic aid program of its own. Any drastic reduction in the amount recommended by the committee, or failure to enact the bill, would jeopardize the united efforts of the free world in maintaining the peace.

Mr. FEIGHAN. Mr. Chairman, I have supported appropriations for foreign aid since 1948. I did so, like most other Members of Congress, in the belief that such programs were necessary to restore order in the war-devastated countries and to prevent the infiltration and takeover of free countries by the Russian Communists. This was and remains a valid justification for the foreign-aid programs.

During the past few years, the executive branch of the Government and the Congress seem to have lost sight of these objectives because today very few people are quite sure what the objectives are. Moreover, some programs of foreign aid are in fact used to keep Communist regimes in power while others are providing economic assistance to countries which are shopping for economic and/or military assistance in Moscow or in other countries under the political and military control of the Russians. Lately other of the beneficiary countries have engaged in a form of international blackmail by resorting to veiled threats that unless we provide the economic assistance they ask for they will turn their interests and perhaps their future toward Moscow. All of this adds up to an urgent need for Congress to engage in a more minute examination of all foreign-aid programs and to provide sound political decisions which are not forthcoming from the executive branch. The "package deal" on foreign aid which the executive branch has been presenting to Congress denies the Members the right to vote for country programs they feel are justified and to vote down those they feel do not serve the national interest. In the final analysis, Members are now required to take everything offered or take nothing.

In an effort to put the foreign-aid program back on the right track and to continue the worthwhile aspects of it, I proposed that this year Congress, while sitting as the Committee of the Whole, consider foreign aid on a country-by-country basis and vote on each country program separately as against the "package deal" procedure of the past. This new procedure will allow opportunity for every Member of Congress to exercise more fully his responsibilities to his constituents and to our Nation as a whole. I also believe that such a procedure will return to Congress the checks and balances without which our representative form of government will perish.

No doubt many who have been supporters of the foreign-aid program in the past may not support it if forced to accept a "package deal" which they feel to be not only inimical to the general welfare and security of the United States, but also to be an unjustified drain upon the American taxpayer.

The editorial staff of the Cleveland News, recognized for its sound judgments, in its editorial of last Monday, titled "We Can't Buy Friends," cites ample reason for the urgent need for Congress to consider assistance in any form to any foreign country, on a country-by-country basis instead of in a "package deal" which it has been doing. Under leave granted, I include the editorial of the Cleveland News, We Can't Buy Friends:

WE CAN'T BUY FRIENDS

After weeks of hearings, the House Foreign Affairs Committee in Washington has slashed President Eisenhower's 1958 foreign-aid program of \$3.9 billion by \$339 million.

More drastic cuts are in prospect on the House floor and in the Senate. Members of both parties in both branches are out to eliminate waste and extravagance in our for-

eign-aid outlays, which this newspaper helped to disclose in articles this winter.

Members of the House committee would have reduced the program even more than the \$339 million, but took on faith the cries of the aid exponents that a further slash might mean we might lose the cold war.

It will be hard to convince most people that such is the case.

There is not the slightest evidence—supported in part by the stoning of Vice President Nixon in Peru, which has received millions in United States economic aid—that it is possible to buy and to hold friends abroad solely by American billions.

The News reiterates what it has said repeatedly: We are not opposed to foreign aid if it really diminishes the spread of communism; we are opposed to the frivolous waste in the program, which is to be seen there.

Enough extravagance, inefficiency, and foolishness in foreign-aid spending have been exposed in the hearings of House Foreign Affairs Committee to warrant more than the \$339-million slash. And, with a Federal deficit of \$15 billion predicted for next year, this is no time to be giving away money we actually don't have.

Here's what we mean:

The official transcript of testimony on the foreign-aid bill before the House Foreign Affairs Committee on April 15 and 16 reveals that this country has given \$93.1 million in the last 2 years to the tiny country of Laos, formerly part of Indochina, ostensibly to contain the Reds there.

The total Laos governmental revenue for this 2 years was only \$27 million. Most of the United States dollars have been turned over to the Laos Government for what is described as various United States sponsored economic developments and to support the 25,000-man Royal Laos Army.

But, during this 2-year period of the \$93.1 million American aid to Laos, according to testimony before the committee, there have been wholesale imports there of high-priced American cars, 4½ tons of feather dusters, 73 tons of sporting goods, fishing tackle, thermos bottles, 180 tons of automobile covers, \$13,340 worth of festival decorations, \$11,500 worth of musical instruments, and thousands of dollars worth of costume jewelry.

These items are included in our foreign-aid outlay to Laos.

How they have anything to do with containing communism in Laos, or doing what our foreign-aid program is designed to do, is beyond us.

The CHAIRMAN. If there are no further requests for time, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, pursuant to House Resolution 562, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. HOFFMAN. Mr. Speaker, I demand a separate vote on the amendment offered by the gentleman from Utah [Mr. DAWSON].

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. Dawson of Utah: On page 18, immediately below line 20, insert the following: "(a) (1) Section 502 (b), which relates to use of counterpart funds by committees of the Congress, is amended by adding at the end thereof the following: 'The amount of local-currency used by any such committee shall be charged against any amounts made available to such committee from the contingent fund of the House of Representatives (if the committee is a committee of the House of Representatives) or from the contingent fund of the Senate (if the committee is a committee of the Senate or is a joint committee) for expenses incurred by it; and the use of such currency shall be subject to all the reporting and other requirements, including limitations on travel, which apply generally to the expenditure of amounts made available to such committee from such contingent fund. No local currency shall be available for use by any committee if the amount of the currency so used, when added to the amounts actually expended from such contingent fund, would result in expenditures in excess of the total amount which was authorized to be expended from such contingent fund by such committee.'

"(2) The amendment made by this subsection shall take effect on the day of the first meeting of the 86th Congress."

The SPEAKER. The question is on the amendment offered by the gentleman from Utah [Mr. Dawson].

Mr. HOFFMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. O'Konski) there were—ayes 128, noes 123.

So the amendment was agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mrs. CHURCH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentlewoman opposed to the bill?

Mrs. CHURCH. In its present form, yes, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. CHURCH moves to recommit the bill H. R. 12181 to the Committee on Foreign Affairs for further consideration.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mrs. CHURCH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. MORGAN and Mr. MORANO demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 259, nays 134, answered "present" 1, not voting 35, as follows:

[Roll No. 58]

YEAS—259

Addonizio	Ford	Multer
Albert	Fountain	Mumma
Allen, Calif.	Frazier	Natcher
Anfuso	Frelinghuysen	Nimtzt
Arends	Friedel	Norblad
Ashley	Fulton	Norrell
Aspinall	Garmatz	O'Brien, Ill.
Avery	Gary	O'Brien, N. Y.
Ayres	Gathings	O'Hara, Ill.
Baker	George	O'Neill
Baldwin	Glenn	Osmers
Barrett	Gordon	Ostertag
Bass, N. H.	Granahan	Patman
Bates	Green, Oreg.	Patterson
Baumhart	Green, Pa.	Pelly
Becker	Griffin	Perkins
Beckworth	Griffiths	Pfost
Bennett, Fla.	Gubser	Philbin
Blatnik	Hagen	Pillion
Boggs	Hale	Porter
Boland	Halleck	Price
Bolling	Hardy	Prouty
Bolton	Harris	Quie
Boykin	Haskell	Rabaut
Boyle	Hays, Ohio	Rains
Breeding	Healey	Ray
Brooks, Tex.	Herlong	Reuss
Broomfield	Heseltan	Rhodes, Pa.
Broyhill	Hess	Riehman
Bush	Hill	Roberts
Byrne, Pa.	Holifield	Robison, N. Y.
Byrnes, Wis.	Holland	Robison, Ky.
Canfield	Holmes	Rodino
Carnahan	Holtzman	Rogers, Colo.
Oeller	Hosmer	Rogers, Mass.
Chamberlain	Huddleston	Rooney
Chelf	Hyde	Roosevelt
Chenoweth	Ikard	Sadlak
Chiferfield	Jackson	Santangelo
Christopher	Jarman	St. George
Clark	Johnson	Saund
Coad	Jones, Ala.	Schenck
Coffin	Jones, Mo.	Schwengel
Cooley	Judd	Scott, Pa.
Corbett	Karsten	Scudder
Coudert	Kearney	Seely-Brown
Cramer	Keating	Selden
Cretella	Kelly, N. Y.	Shelley
Cunningham,	Keogh	Simpson, Pa.
Iowa	Kilburn	Sisk
Curtin	Kilday	Smith, Miss.
Curtis, Mass.	King	Spence
Curtis, Mo.	Kirwan	Springer
Dague	Kluczynski	Staggers
Davis, Tenn.	Lane	Stauffer
Dawson, Ill.	Lankford	Sullivan
Dawson, Utah	Latham	Taber
Delaney	LeCompte	Taylor
Dellay	Lesinski	Teague, Calif.
Dennison	Libonati	Teller
Dent	McCarthy	Tewes
Denton	McCormack	Thompson, N. J.
Derounian	McFall	Thornberry
Devereux	McGovern	Tollefson
Diggs	McIntosh	Trimble
Dingell	Macdonald	Udall
Dixon	Machrowicz	Ullman
Dollinger	Mack, Ill.	Vanik
Donohue	Madden	Van Zandt
Dooley	Magnuson	Vinson
Dorn, N. Y.	Mahon	Vorys
Doyle	Mailliard	Vursell
Durham	Marshall	Wainwright
Dwyer	Martin	Walter
Eberhart	Matthews	Watts
Edmondson	May	Westland
Elliott	Meader	Westnall
Engle	Merrow	Wier
Evins	Metcalf	Wigglesworth
Fallon	Miller, Calif.	Wilson, Calif.
Farbstein	Miller, Md.	Wolverton
Fascell	Miller, N. Y.	Wright
Feighan	Mills	Yates
Fino	Montoya	Younger
Flood	Morano	Zablocki
Fogarty	Morgan	Zelenko
Forand	Moss	

NAYS—134

Abbitt	Bailey	Bosch
Abernethy	Baring	Bow
Adair	Bass, Tenn.	Bray
Alexander	Beamer	Brooks, La.
Alger	Belcher	Brown, Ga.
Allen, Ill.	Bennett, Mich.	Brown, Ohio
Andersen,	Bentley	Brownson
H. Carl	Berry	Budge
Andrews	Betts	Burleson
Ashmore	Blitch	Byrd

Byrne, Ill.	Kee
Cannon	Kilgore
Cederberg	Kitchin
Church	Knox
Clevenger	Krueger
Collier	Laird
Colmer	Landrum
Cunningham,	Lipscomb
Nebr.	Loser
Davis, Ga.	McCulloch
Dorn, S. C.	McDonough
Dowdy	McGregor
Everett	McIntire
Fisher	McMillan
Flynt	McVey
Forrester	Mack, Wash.
Gavin	Mason
Grant	Michel
Gray	Miller, Nebr.
Gwinn	Minshall
Halley	Mitchell
Harden	Moore
Harrison, Nebr.	Morrison
Harvey	Moulder
Hemphill	Murray
Henderson	Neal
Hiestand	Nicholson
Hoeven	O'Hara, Minn.
Hoffman	O'Konski
Holt	Passman
Hull	Pilcher
Jennings	Poage
Jensen	Poff
Johansen	Polk
Jonas	Preston
Kearns	Reece, Tenn.

ANSWERED PRESENT—1

Harrison, Va.

NOT VOTING—35

Anderson,	Gross	Powell
Mont.	Hays, Ark.	Radwan
Auchincloss	Hébert	Riley
Barden	Hillings	Rogers, Tex.
Bonner	Horan	Scott, N. C.
Brown, Mo.	James	Sheppard
Buckley	Jenkins	Shuford
Burdick	Kean	Sieminski
Carrigg	Knutson	Teague, Tex.
Dies	Lafore	Thompson, La.
Fenton	Lennon	Williams, N. Y.
Gregory	Morris	Willis

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Rogers of Texas against.

Mr. Buckley for, with Mr. Burdick against.

Mr. Auchincloss for, with Mr. Bonner against.

Mr. Kean for, with Mr. Jenkins against.

Mr. Hillings for, with Mr. Lennon against.

Mr. Fenton for, with Mr. Teague of Texas against.

Mr. Hays of Arkansas for, with Mr. Harrison of Virginia against.

Mr. Gregory for, with Mr. Scott of North Carolina against.

Mr. Horan for, with Mr. Barden against.

Mr. Sheppard for, with Mr. Riley against.

Mr. Carrigg for, with Mr. Dies against.

Mrs. Knutson for, with Mr. Brown of Missouri against.

Mr. Anderson of Montana for, with Mr. Morris against.

Mr. Powell for, with Mr. Gross against.

Until further notice:

Mr. Thompson of Louisiana with Mr. Radwan.

Mr. Willis with Mr. James.

Mr. Sieminski with Mr. Lafore.

Mr. HARRISON of Virginia. Mr. Speaker, I have a pair with the distinguished gentleman from Arkansas [Mr. Hays], who is necessarily absent on Government business. Were he present he would have voted "yea." I voted "nay." Therefore, I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that in engrossing the bill H. R. 12181, the Clerk be authorized to make the necessary corrections in section numbers and cross references.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FEDERAL-STATE-LOCAL RELATIONSHIPS—COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 383)

The SPEAKER laid before the House the following communication from the President of the United States, which was read, referred to the Committee on Ways and Means, and ordered to be printed:

THE WHITE HOUSE,
Washington, May 13, 1958.

The Honorable SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: On numerous occasions I have warned against the dangers of overcentralizing power and authority in the National Government. Similarly have I made clear my deep conviction that to avoid these dangers State and local governments must be strengthened.

To this end the administration has sought continually to examine and to improve the balance in our system of divided governmental responsibilities. Early in 1953 I recommended and the Congress authorized the establishment of a Commission on Intergovernmental Relations. In its report of June 1955 the Commission concluded that we should:

Leave to private initiative all the functions that citizens can perform privately; use the level of government closest to the community for all public functions it can handle; utilize cooperative intergovernmental arrangements where appropriate to attain economical performance and popular approval; reserve national action for residual participation where State and local governments are not fully adequate, and for the continuing responsibilities that only the National Government can undertake.

More recently, in June 1957, in an address before the Governors' Conference at Williamsburg, Va., I proposed the creation of a task force to take specific action:

1. to designate functions which the States are ready and willing to assume and finance that are now performed or financed wholly or in part by the Federal Government;

2. to recommend the Federal and State revenue adjustments required to enable the States to assume such functions; and

3. to identify functions and responsibilities likely to require State or Federal attention in the future and to recommend the level of State effort, or Federal effort, or both, that will be needed to assure effective action.

This task force proposal was accepted by the Governors and in August of last year the Joint Federal-State Action Committee was created, composed of 10 Governors and 7 Federal representatives.

In transmitting their initial report to me and to the Chairman of the Governors' Conference, the cochairman of the committee advised that—

The purpose of filing our first report at this time is to permit early action. The committee urges that those recommendations requiring legislative implementation be transmitted to the Congress and State legislatures for consideration at their next sessions.

This report, which I dealt with in some detail in my last budget message, contained six specific recommendations.

Three of those recommendations requiring congressional action were that the Federal Government first, discontinue its grants for vocational education; second discontinue its grants for construction of waste treatment facilities under section 6 of the Water Pollution Control Act of 1956; and third, reduce its 10 percent tax on local telephone service to 6 percent to assist the States in assuming financial responsibility for these programs—to accomplish the transition a tax credit device would be used for the first 5 years. The Director of the Bureau of the Budget will transmit draft legislation to implement these three recommendations.

To carry out the fourth recommendation the Chairman of the Atomic Energy Commission will suggest such revisions as are appropriate in the language of the pending proposal on peacetime uses of atomic energy. The fifth recommendation which concerns natural disaster relief will be implemented at the Federal level by Executive order as indicated in the report on this subject filed with the Congress on April 24, 1958. Finally, I strongly support the Committee's sixth recommendation that each State increase its efforts in urban development, housing, and metropolitan planning.

Enactment at this time of Federal legislation would be an encouraging step in the effort to strengthen State governments, by restoring to them specific functions in fields which are traditionally their responsibility. To give full effect to the committee's recommendations the States, through their governors and legislatures, will also have to act. Prompt action at both levels would incur that functions and services will continue unimpaired.

I wish to stress that the legislation is designed solely to effectuate the recommendations in the report of the committee which emphasized the necessity, for a relationship between functions to be assumed by the States and tax sources to be released by the National Government. Also, it should be pointed out that passage of this legislation would have no effect on the presently accelerated public works programs since adequate time will be allowed for an orderly readjustment.

Therefore, in order to strengthen our Federal system and to provide the circumstances for more responsible State governments, I strongly urge the Congress promptly to enact legislation consistent with the recommendations of the Joint Federal-State Action Committee.

Sincerely,

DWIGHT D. EISENHOWER.

FEDERAL-STATE-LOCAL RELATIONSHIPS

(Mr. FOUNTAIN (at the request of Mr. ALBERT) was given permission to extend his remarks at this point in the RECORD.)

Mr. FOUNTAIN. Mr. Speaker, it has long been my conviction that our States and their political subdivisions must actively share the burdens of government if we are to maintain a healthy and effective Federal system. During the past fall, the Intergovernmental Relations Subcommittee, of which I am chairman, held a series of hearings throughout the country for the purpose of obtaining the thinking of public officials at the grass roots on the subject of Federal-State-local relationships. Despite the many differences of political philosophy expressed in these regional hearings, there was virtually uniform belief in the values of strong and responsible State and local government. However, most of the witnesses who appeared before our subcommittee felt that if the State and local governments are to assume complete responsibility for any programs in which there is presently Federal financial participation, there must be an equitable transfer of Federal tax sources to the States.

Our subcommittee has given considerable attention to the question of releasing Federal revenue sources to the States and municipalities in order to enable them to assume greater responsibility for public services which they are capable of performing. I believe this should be done, whenever practicable, not only to encourage strong State and local governments, but also to permit the Federal Government to devote its energies to new and emerging problems in this fast moving age.

The recommendations of the Joint Federal-State Action Committee, which constitute the basis for the President's proposals, today, were carefully examined by our subcommittee in a public hearing on February 18. At that time it was brought out that although relinquishment of 40 percent of the present Federal tax on local telephone service would make available a much larger sum than the States are now receiving in Federal grants for vocational education and for the construction of waste-treatment facilities, many of the States would not obtain sufficient revenues to offset their loss of Federal grants.

While the general approach of seeking to help the States and municipalities to develop their full potentialities through the release of Federal tax sources appears promising, this particular plan presents the practical difficulty that 20 of the 48 States would obtain insufficient revenues to maintain the programs recommended for transfer. It would appear that further study is needed to develop an equitable plan for this purpose.

Mr. METCALF. Mr. Speaker, I wish to commend the gentleman from North Carolina for the public service he has performed in bringing these figures to our attention.

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

MAY 15, 1958

Read twice and referred to the Committee on Foreign Relations

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1958".

5 SEC. 2. The first section of the Mutual Security Act of
6 1954, as amended, is amended by adding at the end thereof
7 the following: "This Act is divided into chapters and titles,
8 according to the following table of contents:

"TABLE OF CONTENTS

"CHAPTER I—MILITARY ASSISTANCE

"CHAPTER II—ECONOMIC ASSISTANCE

 "Title I—Defense Support

 "Title II—Development Loan Fund

 "Title III—Technical Cooperation

 "Title IV—Other Programs

"CHAPTER III—SPECIAL ASSISTANCE AND CONTINGENCY FUND

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

1 CHAPTER I—MILITARY ASSISTANCE

2 MILITARY ASSISTANCE

3 SEC. 101. Subsection (a) of section 103 of the Mutual
4 Security Act of 1954, as amended, which relates to military
5 assistance, is amended by striking out "1958" and "\$1,600,-
6 000,000" and inserting in lieu thereof "1959" and "\$1,640,-
7 000,000", respectively.

8 PROCUREMENT PROGRAMS RELATING TO MILITARY
9 ASSISTANCE

10 SEC. 102. Paragraph (1) of subsection (b) of section
11 105 of the Mutual Security Act of 1954, as amended, which
12 relates to conditions applicable to military assistance, is
13 amended by inserting immediately before the period at the
14 end thereof the following: ", including coordinated produc-
15 tion and procurement programs participated in by the
16 members of the North Atlantic Treaty Organization to the
17 greatest extent possible with respect to military equipment
18 and materials to be utilized for the defense of the North
19 Atlantic area".

20 CHAPTER II—ECONOMIC ASSISTANCE

21 DEFENSE SUPPORT AND GENERAL PROVISIONS

22 SEC. 201. (a) Subsection (b) of section 131 of the
23 Mutual Security Act of 1954, as amended, which relates
24 to defense support, is amended by striking out "1958" and

1 “\$750,000,000” and inserting in lieu thereof “1959” and
2 “\$775,000,000”, respectively.

3 (b) Section 143 of the Mutual Security Act of 1954,
4 as amended, which relates to assistance to Yugoslavia, is
5 amended to read as follows:

6 “SEC. 143. ASSISTANCE TO YUGOSLAVIA.—Notwith-
7 standing any other provision of law, no assistance under this
8 title or any other title of this Act shall be furnished to
9 Yugoslavia after the expiration of ninety days following
10 the date of the enactment of the Mutual Security Act of
11 1958, unless the President finds and so reports to the Con-
12 gress, with his reasons therefor, (1) that there has been
13 no change in the Yugoslavian policies on the basis of which
14 assistance under this Act has been furnished to Yugoslavia
15 in the past, and that Yugoslavia is independent of control by
16 the Soviet Union, (2) that Yugoslavia is not participating
17 in any policy or program for the Communist conquest of the
18 world, and (3) that it is in the interest of the national
19 security of the United States to continue the furnishing of
20 assistance to Yugoslavia under this Act. The President shall
21 keep the Foreign Relations Committee and the Appropria-
22 tions Committee of the Senate and the Speaker of the House
23 of Representatives fully and constantly informed of any
24 assistance furnished to Yugoslavia under this Act.”

DEVELOPMENT LOAN FUND

1

2 SEC. 202. Title II of the chapter designated by para-
3 graph (2) of section 501 of this Act as chapter II of the
4 Mutual Security Act of 1954, as amended, which relates to
5 the Development Loan Fund, is amended as follows:

6 (a) Amend section 202, which relates to general au-
7 thority, as follows:

8 (1) Strike out subsection (a) and substitute the
9 following:

10 “(a) To carry out the purposes of this title, there
11 is hereby created as an agency of the United States of
12 America, subject to the direction and supervision of the
13 President, a body corporate to be known as the ‘Develop-
14 ment Loan Fund’ (hereinafter referred to in this title as the
15 ‘Fund’) which shall have succession in its corporate name.
16 The Fund shall have its principal office in the District of
17 Columbia and shall be deemed, for purposes of venue in civil
18 actions, to be a resident thereof. It may establish offices in
19 such other place or places as it may deem necessary or
20 appropriate.”.

21 (2) In subsection (b), strike out all preceding “is here-
22 by” in the first sentence and substitute “The Fund”; strike
23 out “he” in the first sentence and substitute “it”; strike
24 out “and (3)” in the first sentence and substitute “(3)”;

1 insert before the period at the end of the first sentence “, and
2 (4) the possible adverse effects upon the economy of the
3 United States, with special reference to areas of substantial
4 labor surplus, of the activity and the financing operation or
5 transaction involved”; strike out “from” in the second sen-
6 tence and substitute “by”; insert after the third sentence
7 “The provisions of section 955 of title 18 of the United
8 States Code shall not apply to prevent any person, including
9 any individual, partnership, corporation, or association, from
10 acting for or participating with the Fund in any operation
11 or transaction, or from acquiring any obligation issued in con-
12 nection with any operation or transaction, engaged in by the
13 Fund.”; and strike out the last two sentences and substitute
14 the following new sentence: “The President’s semiannual
15 reports to the Congress on operations under this Act, as
16 provided for in section 534 of this Act, shall include detailed
17 information on the implementation of this title.”.

18 (b) Amend section 204, which relates to fiscal pro-
19 visions, as follows:

20 (1) In subsection (b), substitute “Fund” for “Presi-
21 dent” in the first sentence and strike out “against the Fund”
22 in that sentence; change “authorized” to “made available”
23 in the second sentence; and insert “assets of the” before
24 “Fund” in the third sentence.

1 (2) Strike out subsection (c) and substitute the fol-
2 lowing:

3 “(c) The Fund shall be deemed to be a wholly owned
4 Government corporation and shall accordingly be subject to
5 the applicable provisions of the Government Corporation
6 Control Act, as amended.”.

7 (c) Amend section 205, which relates to powers and
8 authorities, as follows:

9 (1) Insert “MANAGEMENT,” before “POWERS” in the
10 heading of the section.

11 (2) Strike out subsections (a) and (b) and substitute
12 the following new subsections:

13 “(a) The management of the Fund shall be vested in
14 a Board of Directors (hereinafter referred to in this title
15 as the ‘Board’) consisting of the Deputy Under Secretary
16 of State for Economic Affairs, who shall be Chairman, the
17 Director of the International Cooperation Administration,
18 the Chairman of the Board of Directors of the Export-Import
19 Bank, the Managing Director of the Fund, and the United
20 States Executive Director on the International Bank for
21 Reconstruction and Development. The Board shall carry
22 out its functions subject to the foreign policy guidance of the
23 Secretary of State. The Board shall act by a majority vote
24 participated in by a quorum; and three members of the
25 Board shall constitute a quorum. Subject to the foregoing

1 sentence, vacancies in the membership of the Board shall
2 not affect its power to act. The Board shall meet for organi-
3 zation purposes when and where called by the Chairman.
4 The Board may, in addition to taking any other necessary
5 or appropriate actions in connection with the management
6 of the Fund, adopt, amend, and repeal bylaws governing the
7 conduct of its business and the performance of the authorities,
8 powers, and functions of the Fund and its officers and em-
9 ployees, but said Corporation shall not borrow any funds
10 from any source without the express legislative permission of
11 the Congress. The members of the Board shall receive no
12 compensation for their services on the Board but may be paid
13 actual travel expenses and per diem in lieu of subsistence
14 under the Standardized Government Travel Regulations in
15 connection with travel or absence from their homes or regu-
16 lar places of business for purposes of business of the Fund.

17 “(b) There shall be a Managing Director of the Fund
18 who shall be the chief executive officer of the Fund, who
19 shall be appointed by the President of the United States by
20 and with the advice and consent of the Senate, and whose
21 compensation shall be at a rate of \$20,000 a year. There
22 shall also be a Deputy Managing Director of the Fund, whose
23 compensation shall be at a rate not in excess of \$19,000 a
24 year, and three other officers of the Fund, whose titles shall
25 be determined by the Board and whose compensation shall

1 be at a rate not in excess of \$18,000 per year. Appoint-
2 ment to the offices provided for in the preceding sentence
3 shall be by the Board. The Managing Director, in his
4 capacity as chief executive officer of the Fund, the Deputy
5 Managing Director and the other officers of the Fund shall
6 perform such functions as the Board may designate and shall
7 be subject to the supervision and direction of the Board.
8 During the absence or disability of the Managing Director
9 or in the event of a vacancy in the office of Managing Direc-
10 tor, the Deputy Managing Director shall act as Managing
11 Director, or, if the Deputy Managing Director is also absent
12 or disabled or the office of Deputy Managing Director is
13 vacant, such other officer as the Board may designate shall
14 act as Managing Director. The offices provided for in this
15 subsection shall be in addition to positions otherwise
16 authorized by law.”

17 (3) In subsection (c) :

18 (i) Strike out all in the first sentence preceding
19 “: enter into” and substitute “The Fund, in addition to other
20 powers and authorities vested in or delegated or assigned
21 to the Fund or its officers or the Board, may”;

22 (ii) Strike out “may be deemed” in the first clause of
23 the first sentence and substitute “it may deem”;

24 (iii) Strike out “under this title” in the fourth clause of
25 the first sentence and substitute “of the Fund”;

1 (iv) Strike out “the Manager of” in the fifth clause,
2 both times it appears in the seventh clause, and in the last
3 clause of the first sentence; -

4 (v) Insert after the seventh clause of the first sentence,
5 following “collection;”, the following: “adopt, alter and use
6 a corporate seal which shall be judicially noticed; require
7 bonds for the faithful performance of the duties of its officers,
8 attorneys, agents and employees and pay the premiums
9 thereon; sue and be sued in its corporate name (provided
10 that no attachment, injunction, garnishment, or similar proc-
11 ess, mesne or final, shall be issued against the Fund or any
12 officer thereof, including the Board or any member thereof,
13 in his official capacity or against property or funds owned or
14 held by the Fund or any such officer in his official capacity) ;
15 exercise, in the payment of debts out of bankrupt, insolvent
16 or decedent’s estates, the priority of the Government of the
17 United States; purchase one passenger motor vehicle for use
18 in the continental United States and replace such vehicle
19 from time to time as necessary; use the United States mails
20 in the same manner and under the same conditions as the
21 executive departments of the Federal Government;”;

22 (vi) Strike out all following “operation” in the last
23 clause of the first sentence and substitute “, or in carrying
24 out any function.”.

1 (vii) Insert the following new sentence after the first
2 sentence of the subsection: "Nothing herein shall be con-
3 strued to exempt the Fund or its operations from the appli-
4 cation of sections 507 (b) and 2679 of title 28, United
5 States Code or of section 367 of the Revised Statutes (5
6 U. S. C. 316).".

7 (4) Insert the following new subsections:

8 “(d) The Fund shall contribute, from the respective
9 appropriation or fund used for payment of salaries, pay or
10 compensation, to the civil service retirement and disability
11 fund, a sum as provided by section 4 (a) of the Civil
12 Service Retirement Act, as amended (5 U. S. C. 2254a),
13 except that such sum shall be determined by applying to the
14 total basic salaries (as defined in that Act) paid to the
15 employees of the Fund covered by that Act, the per centum
16 rate determined annually by the Civil Service Commission
17 to be the excess of the total normal cost per centum rate
18 of the civil service retirement system over the employee
19 deduction rate specified in said section 4 (a). The Fund
20 shall also contribute at least quarterly from such appropri-
21 ation or fund, to the employees’ compensation fund, the
22 amount determined by the Secretary of Labor to be the full
23 cost of benefits and other payments made from such fund
24 on account of injuries and deaths of its employees which may
25 hereafter occur. The Fund shall also pay into the Treasury

1 as miscellaneous receipts that portion of the cost of adminis-
2 tration of the respective funds attributable to its employees,
3 as determined by the Civil Service Commission and the
4 Secretary of Labor.

5 “(e) The assets of the Development Loan Fund on the
6 date of entry into force of the Mutual Security Act of 1958
7 shall be transferred as of such date to the body corporate
8 created by section 202 (a) of this Act. In addition, records,
9 personnel, and property of the International Cooperation
10 Administration may, as agreed by the Managing Director
11 and the Director of the International Cooperation Admin-
12 istration or as determined by the President, be transferred
13 to the Fund. Obligations and liabilities incurred against,
14 and rights established or acquired for the benefit of or with
15 respect to, the Development Loan Fund during the period
16 between August 14, 1957, and the date of entry into force
17 of the Mutual Security Act of 1958 are hereby transferred
18 to, and accepted and assumed by, the body corporate created
19 by section 202 (a) of this Act. A person serving as Man-
20 ager of the Development Loan Fund as of the date of entry
21 into force of the Mutual Security Act of 1958 shall not, by
22 reason of the entry into force of that Act, require reappoint-
23 ment in order to serve in the office of Managing Director
24 provided for in section 205 (b) of this Act.”.

TECHNICAL COOPERATION

SEC. 203. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$151,900,000" and insert in lieu thereof "\$150,000,000 for use beginning in the fiscal year 1959".

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Insert "AND RELATED PROGRAMS" after "CO-OPERATION" in the heading of the section; insert "and this Act" after "title" in the first sentence; and insert "and related" after "cooperation" in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations expanded program of technical assistance, strike out "\$15,500,000" and "1958" and substitute "\$20,000,000" and "1959", respectively; insert "and such related fund as may hereafter be established" after "Assistance"; and in the proviso change "to this program" to "for such purpose" and after the word "contributed" the first time it appears, strike the remainder of the subsection and insert "for such purpose and for each succeeding calendar year as much as but not to exceed 40 per centum of the total amount contributed for such purpose for that year."

1 (3) In subsection (b), which relates to contributions to
2 the technical cooperation program of the Organization of
3 American States, strike out "1958" and substitute "1959".

4 (c) Repeal section 308, which relates to the Inter-
5 national Development Advisory Board.

6 OTHER PROGRAMS

7 SEC. 204. Title IV of the chapter designated by section
8 501 of this Act as chapter II of the Mutual Security Act of
9 1954, as amended, which relates to other programs, is
10 further amended as follows:

11 (a) In section 402, which relates to earmarking of
12 funds, strike out "1958" in the first sentence and substitute
13 "1959".

14 (b) Repeal sections 403 and 404, which relate, re-
15 spectively, to special assistance in joint control areas and
16 responsibilities in Germany, and substitute the following new
17 section:

18 "SEC. 403. RESPONSIBILITIES IN GERMANY.—The
19 President is hereby authorized to use during the fiscal year
20 1959 not to exceed \$8,200,000 of the funds made available
21 pursuant to section 450 (a) of this Act in order to meet the
22 responsibilities or objectives of the United States in Germany,
23 including West Berlin. In carrying out this section, the
24 President may also use currency which has been or may be
25 deposited in the GARIOA (Government and Relief in Occu-

1 pied Areas) Special Account, including that part of the
2 German currency now or hereafter deposited under the
3 bilateral agreement of December 15, 1949, between the
4 United States and the Federal Republic of Germany (or
5 any supplementary or succeeding agreement) which, upon
6 approval by the President, shall be deposited in the GARIOA
7 Special Account under the terms of article V of that agree-
8 ment. The President may use the funds available for the
9 purposes of this section on such terms and conditions as he
10 may specify, and without regard to any provision of law
11 which he determines must be disregarded.”.

12 (c) Amend section 405, which relates to migrants,
13 refugees, and escapees, as follows:

14 (1) In subsection (c), strike out all following “fiscal
15 year” and substitute “1959 not to exceed \$1,200,000 for
16 contributions to the program of the United Nations High
17 Commissioner for Refugees for assistance to refugees under
18 his mandate.”.

19 (2) In subsection (d), strike out “1958” and
20 “\$5,500,000” and substitute “1959” and “\$8,600,000”,
21 respectively.

22 (d) In section 406, which relates to children’s welfare,
23 strike out “1958” and substitute “1959”.

24 (e) In section 407, which relates to Palestine refugees
25 in the Near East, insert “for the fiscal year 1959” before

1 “not to exceed” in the first sentence; and strike out “\$65,-
2 000,000” in the first sentence and substitute “\$25,000,000”.

3 (f) In section 409 (c), which relates to ocean freight
4 charges, strike out “1958” and “\$2,200,000” and substitute
5 “1959” and “\$2,100,000”, respectively.

6 (g) In section 410, which relates to Control Act ex-
7 penses, strike out “1958” in the first sentence and substitute
8 “1959”.

9 (h) Amend section 411, which relates to administra-
10 tive and other expenses, as follows:

11 (1) In subsection (b), strike out “1958” and “\$32,-
12 750,000” and substitute “1959” and “\$33,000,000”, re-
13 spectively; and insert “and title II of chapter II” imme-
14 diately before the close of the first parentheses;

15 (2) In subsection (c), insert “functions of the Depart-
16 ment under this Act or for” before “normal”.

17 (i) In section 413 (b) (4), which relates to encour-
18 agement of free enterprise and private participation, strike
19 out “the agency primarily” and substitute “an agency”; sub-
20 stitute a colon for the semicolon at the end of subparagraph
21 (E), and add the following proviso to that subparagraph:
22 “: *Provided*, That in the event the fee to be charged for a type
23 of guaranty is reduced, fees to be paid under existing con-
24 tracts for the same type of guaranty may be similarly re-
25 duced;”; and insert after “Director of the International

1 Cooperation Administration” both times it appears in sub-
2 paragraph (F) “or such other officer as the President may
3 designate”.

4 (j) Section 414 (b) of such Act, which relates to mu-
5 nitions control, is amended by adding at the end thereof the
6 following: “Such regulations shall prohibit the return to the
7 United States (other than for the Armed Forces of the
8 United States and its allies) of any military arms or ammuni-
9 tion furnished to foreign governments by the United States
10 under this Act or any other foreign assistance program of
11 the United States.”

12 (k) In section 419 (a), which relates to atoms for
13 peace, strike out “1958” and “\$7,000,000” in the second
14 sentence and substitute “1959” and “\$5,500,000”, respec-
15 tively.

16 (l) In section 420, which relates to malaria eradica-
17 tion, delete “The” in the second sentence and insert “In ad-
18 dition to such assistance as may be furnished for this purpose
19 in accordance with the provisions of title II of chapter II,
20 the”; insert after the word “authorized” in the second sen-
21 tence “to use funds made available under this Act (other
22 than chapter I, and title II of chapter II)”; and strike out
23 the last sentence.

1 CHAPTER III—SPECIAL ASSISTANCE AND
2 CONTINGENCY FUND

3 SPECIAL ASSISTANCE

4 SEC. 301. The section of the Mutual Security Act of
5 1954, as amended, redesignated by paragraph (11) (B) of
6 section 501 of this Act as section 450 of chapter III of the
7 Mutual Security Act of 1954, as amended, which relates to
8 special assistance, is amended by striking out “1958” and
9 “\$250,000,000” in the first sentence of subsection (a) and
10 inserting in lieu thereof “1959” and “\$185,000,000”, re-
11 spectively; and by striking out all following “stability” in
12 the first sentence and all of the last sentence and inserting
13 a period.

14 PRESIDENT’S SPECIAL AUTHORITY AND CONTINGENCY
15 FUND

16 SEC. 302. The section of the Mutual Security Act of
17 1954, as amended, redesignated by paragraph (11) (B)
18 of section 501 of this Act as section 451 of chapter III of
19 the Mutual Security Act of 1954, as amended, which relates
20 to the President’s special authority, is amended as follows:

21 (a) Insert “AND CONTINGENCY FUND” after “AUTHOR-
22 ITY” in the heading of this section.

1 (b) Subsection (a) is amended as follows:

2 (1) In the first sentence, insert “for use” after “made
3 available”; strike out “such use by section 400 (a) of this
4 Act” and substitute “use under this subsection by subsection
5 (b) of this section”; strike out “pursuant to authorizations
6 contained in” and substitute “for use under”; and

7 (2) In the second and last sentence strike out “section”
8 both times it appears and substitute “subsection”.

9 (c) Redesignate subsection (b) as subsection (c), and
10 insert the following new subsection (b) :

11 “(b) There is hereby authorized to be appropriated to
12 the President for the fiscal year 1959 not to exceed \$100,-
13 000,000 for assistance authorized by this Act, other than by
14 title II of chapter II, in accordance with the provisions of
15 this Act applicable to the furnishing of such assistance. Any
16 of the funds authorized to be appropriated pursuant to this
17 subsection for any fiscal year may be used in such year in
18 accordance with the provisions of subsection (a) of this
19 section.”

20 (d) In the last sentence of subsection (c), insert “sub-
21 section (a) of” after “under”.

1 CHAPTER IV—GENERAL AND ADMINISTRATIVE
2 PROVISIONS

3 GENERAL PROVISIONS

4 SEC. 401. The chapter designated by paragraph (15) of
5 section 501 of this Act as chapter IV of the Mutual Security
6 Act of 1954, as amended, which relates to general and
7 administrative provisions, is further amended as follows:

8 (a) (1) Section 502 (b), which relates to use of
9 counterpart funds by committees of the Congress, is amended
10 by adding at the end thereof the following: "The amount of
11 local currency used by any such committee shall be charged
12 against any amounts made available to such committee from
13 the contingent fund of the House of Representatives (if the
14 committee is a committee of the House of Representatives)
15 or from the contingent fund of the Senate (if the committee
16 is a committee of the Senate or is a joint committee) for ex-
17 penses incurred by it; and the use of such currency shall be
18 subject to all the reporting and other requirements, including
19 limitations on travel, which apply generally to the expendi-
20 ture of amounts made available to such committee from such
21 contingent fund. No local currency shall be available for

1 use by any committee if the amount of the currency so used,
2 when added to the amounts actually expended from such con-
3 tingent fund, would result in expenditures in excess of the
4 total amount which was authorized to be expended from such
5 contingent fund by such committee.”

6 (2) The amendment made by this subsection shall take
7 effect on the day of the first meeting of the Eighty-sixth
8 Congress.

9 (b) Section 509, which relates to shipping on United
10 States vessels, is amended by adding the following new sen-
11 tence at the end thereof: “Sales of fresh fruit and the prod-
12 ucts thereof under this Act shall be exempt from the require-
13 ments of the cargo preference laws (Public Resolution 17,
14 Seventy-third Congress, and section 901 (b) of the Mer-
15 chant Marine Act, 1936, as amended).”.

16 (c) Section 510, which relates to purchase of commodi-
17 ties, is amended by striking out “title II or” in the first sen-
18 tence.

19 (d) Add the following new sections immediately after
20 section 515:

21 “SEC. 516. PROHIBITION AGAINST DEBT RETIRE-
22 MENT.—None of the funds made available under this Act nor
23 any of the counterpart funds generated as a result of assist-
24 ance under this Act or any other Act shall be used to make
25 payments on account of the principal or interest on any debt

1 of any foreign government or on any loan made to such gov-
2 ernment by any other foreign government; nor shall any of
3 these funds be expended for any purpose for which funds
4 have been withdrawn by any recipient country to make pay-
5 ment on such debts: *Provided*, That to the extent that funds
6 have been borrowed by any foreign government in order to
7 make a deposit of counterpart and such deposit is in excess
8 of the amount that would be required to be deposited pur-
9 suant to the formula prescribed by section 142 (b) of this
10 Act, such counterpart may be used in such country for any
11 agreed purpose consistent with the provisions of this Act.

12 • “SEC. 517. COMPLETION OF PLANS AND COST ESTI-
13 MATES.—After June 30, 1958, no agreement or grant which
14 constitutes an obligation of the United States under section
15 1311 of the Supplemental Appropriation Act, 1955, shall be
16 made for any assistance authorized under title I or III (ex-
17 cept section 306) of chapter II, or section 450 (a) —

18 “(1) if such agreement or grant requires substan-
19 tive technical or financial planning, until engineering,
20 financial, and other plans necessary to carry out such
21 assistance, and a reasonably firm estimate of the cost to
22 the United States of providing such assistance, have
23 been completed; and

24 “(2) if such agreement or grant requires legislative
25 action within the recipient country, unless such legisla-

1 tive action may reasonably be anticipated to be com-
2 pleted within one year from the date the agreement or
3 grant is made.

4 All funds obligated for assistance pursuant to each agree-
5 ment or grant described in subparagraph (1) or (2) of this
6 section shall be used only to liquidate the obligations pursu-
7 ant to such agreement or grant, and any funds not so used
8 shall revert to the Treasury of the United States. This sec-
9 tion shall not apply to any assistance furnished for the sole
10 purpose of preparation of engineering, financial, and other
11 plans.

12 “SEC. 518. PROTECTION OF UNITED STATES ECON-
13 OMY.—Operations under titles I and II of chapter II shall
14 be reviewed at least once a year by a committee composed
15 of the Secretary of State, the Secretary of the Treasury, the
16 Secretary of Commerce, the Secretary of Labor, and the
17 Secretary of Agriculture for the purpose of determining
18 whether such operations have adversely affected the economy
19 of the United States, with special reference to areas of
20 substantial labor surplus. If the committee finds that the
21 economy of the United States in general or any area of
22 substantial labor surplus in particular has suffered undue
23 adverse effects as a result of such operations, the committee
24 shall make appropriate recommendations to the President
25 and the Congress.”.

1 (e) Section 537, which relates to provisions on uses
2 of funds, is amended as follows: in subsection (a) (1), strike
3 out "for the fiscal year 1958"; and in subsection (c), strike
4 out "Not to exceed \$18,000,000" and substitute "Notwith-
5 standing the provisions of section 406 (a) of Public Law
6 85-241, not to exceed \$26,000,000", and add the following
7 new clause before the period: ", and not to exceed \$2,750,-
8 000 of funds made available for assistance in other countries
9 under this Act may be used (in addition to funds available
10 for such use under other authorities in this Act) for construc-
11 tion or acquisition of such facilities for such purposes else-
12 where", and add the following new subsection:

13 “(f) The President shall submit to the Congress on or
14 before January 10 in each year a report detailing the assist-
15 ance to be provided for the next fiscal year under title I of
16 chapter II and under chapter III, which shall contain a clear
17 and detailed explanation of the method by which the pro-
18 posed levels of aid for each country have been arrived at,
19 including a listing of all significant factors considered in
20 determining each level of aid, the reason for the inclusion of
21 each factor, and the monetary value assigned to each, to-
22 gether with an explanation of the manner in which these
23 factors are reconciled to yield a specific dollar figure which
24 constitutes each level of aid.”.

1 (f) Amend section 543 (d), which relates to saving
2 provisions, by striking out "Act of 1956 or the Mutual Se-
3 curity Act of 1957" and substituting "Act of 1956, 1957,
4 or 1958" in the first sentence and by inserting the follow-
5 ing new sentence after the second sentence: "Until June 30,
6 1958, funds used for the purposes of this Act shall be so
7 used in accordance with the provisions of this Act as in
8 effect prior to the effective date of the Mutual Security Act
9 of 1958."

10 (g) Amend section 545, which relates to definitions,
11 as follows:

12 (1) In subsection (j), insert "the Development Loan
13 Fund and" after "refer to" and strike out "title II,".

14 (2) In subsection (k), insert "the Board of Directors
15 of the Development Loan Fund and" after "refer to" and
16 strike out "title II,".

17 SEC. 519. PROHIBITION AGAINST UNJUSTIFIED PUB-
18 LIC WORKS. None of the funds authorized to be made
19 available under this Act shall be used for any flood control,
20 river and harbor or water development project in a foreign
21 country that does not meet the benefit-cost standards and
22 economic feasibility requirements established for similar proj-
23 ects in the United States.

1 CHAPTER V—REORGANIZATION OF MUTUAL
2 SECURITY ACT OF 1954 AND AMENDMENTS
3 TO OTHER LAWS

4 REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

5 SEC. 501. The Mutual Security Act of 1954, as amended,
6 is further amended as follows:

7 (1) Strike out the heading of title I and of chapter I
8 of such title, and immediately before section 101, insert the
9 following:

10 "CHAPTER I—MILITARY ASSISTANCE"

11 (2) Immediately above section 131, strike out the
12 chapter heading and insert in lieu thereof the following:

13 "CHAPTER II—ECONOMIC ASSISTANCE

14 "TITLE I—DEFENSE SUPPORT"

15 (3) In section 131 (a), strike out "chapter 1 of this
16 title" and insert in lieu thereof "chapter I".

17 (4) In section 131 (d), immediately after "title", insert
18 "or chapter I".

19 (5) Immediately above section 141, strike out the
20 chapter heading.

21 (6) In section 141, immediately after "title" both times
22 it appears insert "or chapter I".

1 (7) (A) In section 142 (a), strike out “chapter 1 of
2 this title” each place it appears and insert “chapter I”.

(B) In such section 142 (a), strike out “under this title” and “purposes of this title” each place they appear and insert “under chapter I or under this title”, and “purposes of chapter I or of this title”, respectively.

7 (8) Section 142 (b) is amended by striking out “chap-
8 ter 3 of title I of this Act” and inserting in lieu thereof
9 “this title”.

10 (9) Section 144 is amended by inserting immediately
11 after “under this title” the following: “or chapter I”.

(10) Section 202 (b) is amended by striking out “401 (a)” and inserting in lieu thereof “451 (a)”.

14 (11) (A) Immediately after section 420, insert the
15 following new chapter heading:

16 “CHAPTER III—SPECIAL ASSISTANCE AND
17 CONTINGENCY FUND”

18 (B) Sections 400 and 401 are redesignated as sections
19 450 and 451, respectively, of chapter III.

(12) Section 405 (d) is amended by striking out “401”
and inserting in lieu thereof “451”.

(13) Section 410 is amended by striking out “chapter 1
of title I” and inserting in lieu thereof “chapter I”.

24 (14) Section 411 (b) is amended by striking out

1 “chapter 1 of title I” and inserting in lieu thereof “chapter
2 I”.

3 (15) Immediately above section 501, strike out the
4 heading of title V and of chapter 1 of that title and insert
5 the following:

6 “CHAPTER IV—GENERAL AND ADMINISTRA-
7 TIVE PROVISIONS”

8 (16) Section 503 is amended by striking out “chapter
9 1 of title I” and inserting in lieu thereof “chapter I”.

10 (17) (A) Section 504 (a) is amended by striking out
11 “titles II, III, and IV, and chapter 3 of title I,” and insert-
12 ing in lieu thereof “chapters II and III”.

13 (B) Section 504 (c) is amended by striking out “chap-
14 ter 1 of title I” and inserting in lieu thereof “chapter I”.

15 (18) (A) The first sentence of section 510 is amended
16 by striking out “chapter 3 of title I” and inserting in lieu
17 thereof “title I of chapter II”.

18 (B) The third sentence of section 510 is amended by
19 striking out “title II or chapter 3 of title I” and inserting in
20 lieu thereof “title I or II of chapter II”.

21 (19) Section 511 (a) is amended by striking out “title
22 I” and inserting in lieu thereof “chapter I or title I of
23 chapter II”.

24 (20) Section 511 (c) is amended by striking out

1 “chapter 1 of title I” and inserting in lieu thereof “chapter
2 I”.

3 (21) Section 513 is amended by striking out “401” and
4 inserting in lieu thereof “451”.

5 (22) Immediately above section 521, strike out the
6 chapter heading.

7 (23) In section 521 (b), insert “of chapter II” im-
8 mediately after “title III”.

9 (24) In section 521 (c), strike out “chapter 3 of title
10 I” and insert in lieu thereof “title I of chapter II”.

11 (25) Sections 522 (c) and 522 (d) are each amended
12 by striking out “chapter 1 of title I” and inserting in lieu
13 thereof “chapter I”.

14 (26) Section 523 (c) (2) is amended by striking out
15 “chapter 1 of title I” and inserting in lieu thereof “chapter
16 I”.

17 (27) Section 524 is amended by striking out “chapter
18 1 of title I” and inserting in lieu thereof “chapter I”.

19 (28) Section 534 is amended by striking out “400”
20 and inserting in lieu thereof “450”.

21 (29) The portion of section 537 (a) which precedes
22 paragraph (1) is amended by striking out “chapter 1 of title
23 I” and inserting in lieu thereof “chapter I”.

24 (30) Section 537 (d) is amended by striking out “400
25 (a)” and inserting in lieu thereof “450 (a)”.

1 (31) Immediately above section 541, strike out the
2 chapter heading.

3 (32) Section 545 (c) is amended by striking out
4 “chapter 1 of title I” and inserting in lieu thereof “chapter
5 I”.

6 (33) Section 545 (h) is amended by striking out
7 “chapter 1 of title I” each place it appears and inserting
8 in lieu thereof “chapter I”.

9 (34) Sections 545 (j) and 545 (k) are each amended
10 by striking out “chapter 3 of”, and by inserting “of chapter
11 II or under chapter III” immediately after “title IV”.

12 (35) Section 549 is amended by inserting “of chapter
13 II” immediately after “title III”.

14 AMENDMENTS TO OTHER LAWS

15 SEC. 502. (a) The Defense Base Act, as amended (42
16 U. S. C. 1651), is further amended as follows:

17 (1) In subsection (a) of the first section, insert the
18 following new subparagraph between subparagraph (4) and
19 the last five lines:

20 “(5) under a contract approved and financed by
21 the United States or any executive department, in-
22 dependent establishment, or agency thereof (including
23 any corporate instrumentality of the United States),
24 or any subcontract or subordinate contract with respect
25 to such contract, where such contract is to be performed

1 outside the continental United States, under the Mutual
2 Security Act of 1954, as amended (other than title II
3 of chapter II thereof), and not otherwise within the
4 coverage of this section, and every such contract shall
5 contain provisions requiring that the contractor (and
6 subcontractor or subordinate contractor with respect to
7 such contract) (A) shall, before commencing perform-
8 ance of such contract, provide for securing to or on
9 behalf of employees engaged in work under such con-
10 tract the payment of compensation and other benefits
11 under the provisions of this Act, and (B) shall maintain
12 in full force and effect during the term of such contract,
13 subcontract, or subordinate contract, or while employees
14 are engaged in work performed thereunder, the said
15 security for the payment of such compensation and
16 benefits, but nothing in this paragraph shall be construed
17 to apply to any employee of such contractor or sub-
18 contractor who is engaged exclusively in furnishing
19 materials or supplies under his contract;”.

20 (2) In subsection (e) of such section, strike “(3) or
21 (4)” in the last sentence and substitute therefor “(3), (4),
22 or (5)”.

23 (3) In subsection (f) of such section, insert “or
24 in any work under subparagraph (5) subsection (a) of this
25 section” between “this section” and “shall not apply”.

1 (b) In the first section of the Act of June 28, 1935, as
2 amended (49 Stat. 425), strike out "\$30,000" and insert
3 "\$33,000", and strike out "\$15,000" the first time it ap-
4 pears and insert "\$18,000".

5 (c) In section 101 of the Government Corporation
6 Control Act, as amended (31 U. S. C. 846), insert "Devel-
7 opment Loan Fund;" before "Institute of Inter-American
8 Affairs".

9 (d) In section 2 of the Act of July 11, 1956 (70 Stat.
10 523), strike out all beginning with "An" down through
11 "Conference and" and substitute "There is authorized to be
12 appropriated annually, for the annual contribution of the
13 United States toward the maintenance of the North Atlantic
14 Treaty Organization Parliamentary Conference, such sum as
15 may be agreed upon by the United States Group and ap-
16 proved by such Conference, but in no event to exceed for
17 any year an amount equal to 25 per centum of the total
18 annual contributions made for that year by all members of
19 the North Atlantic Treaty Organization toward the main-
20 tenance of such Conference, and".

21 (e) Section 5 of the Act of July 30, 1946 (22 U. S. C.
22 287q) is amended by the addition of the following sentences
23 at the end thereof: "The National Commission is further
24 authorized to receive and accept services and gifts or be-
25 quests of money or materials to carry out any of the educa-

1 tional, scientific, or cultural purposes of the National Com-
2 mission as set forth in this Act and in the constitution of the
3 Organization. Any money so received shall be held by the
4 Secretary of State and shall be subject to disbursement
5 through the disbursement facilities of the Treasury Depart-
6 ment as the terms of the gift or bequest may require and
7 shall remain available for expenditure by grant or otherwise
8 until expended: *Provided*, That no such gift or bequest may
9 be accepted or disbursed if the terms thereof are inconsistent
10 with the purposes of the National Commission as set forth in
11 this Act and in the constitution of the Organization. In no
12 event shall the National Commission accept gifts or bequests
13 in excess of \$200,000 in the aggregate in any one year.
14 Gifts or bequests provided for herein shall, for the purposes
15 of Federal income, estate, and gift taxes, be deemed to be a
16 gift to or for the United States. The National Commission
17 and Secretary of State shall submit to Congress annual re-
18 ports of receipts and expenditures of funds and bequests
19 received and disbursed pursuant to the provisions of this
20 section."

21 (f) The portion of subsection (a) of section 2 of the
22 joint resolution of June 30, 1948, as amended (22 U. S. C.
23 272a (a)), which precedes " , as apportioned" is amended

1 to read as follows: “(a) such sums as may be necessary
2 for the payment by the United States of its share of the ex-
3 penses of the Organization, but not to exceed 25 per centum
4 of such expenses”.

5 (g) Section 101 (a) of the War Hazards Compens-
6 sation Act, as amended (42 U. S. C. 1701), is further
7 amended by inserting the following subparagraph between
8 subparagraph (3) and the last 15 lines: “or (4) to any per-
9 son who is an employee specified in section 1 (a) (5) of
10 the Defense Base Act, as amended, if no compensation is
11 payable with respect to such injury or death under such
12 Act, or to any person engaged under a contract for his per-
13 sonal services outside the United States approved and
14 financed by the United States under the Mutual Security
15 Act of 1954, as amended (other than title II of chapter II
16 thereof) : *Provided*, That in cases where the United States
17 is not a formal party to contracts approved and financed
18 under the Mutual Security Act of 1954, as amended, the
19 Secretary, upon the recommendation of the head of any de-
20 partment or agency of the United States, may, in the exercise
21 of his discretion, waive the application of the provisions of
22 this subparagraph with respect to any such contracts, sub-
23 contracts, or subordinate contracts, work location under such

1 contracts, subcontracts, or subordinate contracts, or classifi-
 2 cation of employees.”

Passed the House of Representatives May 14, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 15, 1958

Read twice and referred to the Committee on
Foreign Relations

May 21, 1958

16. COTTON. Passed without amendment H. R. 6765, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions. This bill will now be sent to the President. pp. 8216, 1233
17. RESEARCH; WILDLIFE. At the request of Sen. Hruska, passed over S. 2447, to authorize studies of the effects of insecticides upon fish and wildlife. p. 8212
18. SALINE WATER. At the request of Sen. Talmadge passed over S. J. Res. 135, to authorize the Interior Department to construct and operate a salt-water conversion demonstration plant. p. 8212
19. FARM PROGRAM. The Agriculture and Forestry Committee ordered reported the following bills:
 - An original bill authorizing transfer of cotton acreage allotments from lands which cannot be planted to other lands in 1958;
 - S. 1436, with amendment, to amend various provisions of law regarding ASC committees;
 - H. R. 376, to prohibit trading in onion futures on commodity exchanges;
 - H. R. 7953, to facilitate and simplify the work of the Forest Service;
 - H. R. 5497, to authorize Federal assistance for certain fish and wildlife development projects under the Watershed Protection and Flood Prevention Act; and
 - H. R. 11399, to authorize the Secretary to set the level of price support for extra-long-staple cotton at between 60 to 75 percent of parity. p. D344
20. IMPORTS. The Finance Committee reported with amendments H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Anti-dumping Act (S. Rept. 1619). p. 8170
21. INFORMATION. The Judiciary Committee reported without amendment S. 921, to prevent the use of 5 U. S. C. 22 to withhold information. p. 8170
22. RECLAMATION. Passed as reported S. 2215, to authorize the Interior Department to construct, operate, and maintain the Spokane Valley Project. p. 8200
23. FLOOD CONTROL. Sen. Kuchel urged the Senate to act on the flood control authorization bill vetoed by the President, and inserted various communications on the need for such projects in Calif. pp. 8242-6
24. POSTAL RATES AND PAY. Agreed to and sent to the House the conference report on H. R. 5836, the postal rate and pay increase bill, by a vote of 88 to 0. pp. 8227-33
25. STATEHOOD. Sen. Church urged Alaskan statehood, and inserted a letter he wrote to the President to urge his support for the bill. p. 8251
26. FOREIGN AID. The Foreign Relations Committee began consideration of the proposed Mutual Security Act of 1958, and adopted a policy statement that it was the sense of Congress that India be given support in its economic development program. pp. D445-6
27. FOREIGN TRADE. Sen. Morse inserted a summary of Ore. opinion ballots on certain public questions, including support for world trade policies in line with Administration-backed proposals. pp. 8191-4

28. EXPORT CONTROL. Received from the Commerce Department a report on export control for the first quarter of 1958. p. 8169

29. ARBOR DAY. Sen. Javits inserted a resolution of the Greene County, N. Y., Board of Supervisors, urging establishment of a National Arbor Day. p. 8169

ITEMS IN APPENDIX

30. RESEARCH. Sen. Knowland inserted his address before the American Feed Growers Ass'n discussing "pertinent" farm facts and suggesting certain action toward an improved farm program. pp. A4649-51

31. PRICES. Sen. Javits inserted excerpts from Ewan Clague's, Dept. of Labor, speech, "The Consumer Price Index in the Current Price Situation," pp. A4660-1

32. AREA DEVELOPMENT. Extension of remarks of Sen. Thurmond expressing his opposition to the proposed area redevelopment bill. p. A4663

33. TRANSPORTATION. Sen. Wiley inserted a letter from the General Steamship Agencies pointing out the "tremendously impressive savings which have been already realized, thanks to the movement of surplus farm products via the direct, all-water route from the Midwest through the present St. Lawrence seaway." pp. A4669-70

34. FOREIGN AID. Extension of remarks of Sen. Dworshak inserting an editorial urging reappraisal of the foreign aid program. pp. A4675-6
Rep. Chipperfield inserted an editorial and a report by Rep. Bass favoring the foreign aid program. pp. A4691-2, A4707

35. ELECTRIFICATION. Sen. Sparkman inserted an editorial, "TVA's Challenge--After 25 Years." pp. A4679-80

36. LIVESTOCK. Rep. Polk inserted an editorial, "Meat Promotion Up Again," emphasizing the need of "being sure any meat promotion moves are right before they are made." pp. A4685-6

37. STATEHOOD. Rep. Poage inserted a letter he had written pointing out "what seems to be : : an obvious weakness in the pending statehood bill." pp. A4687-88

38. TOBACCO. Rep. Lankford inserted two articles discussing the growth and marketing of tobacco in Md. pp. A4694-95

39. FARM PROGRAM. Extension of remarks of Rep. Schwengel discussing farm policies, in which he states that "it is becoming increasingly clear that political management of agriculture does not work very well," and inserting a magazine article discussing farm conditions. pp. A4706-07

40. FARM DRAINAGE; WILDLIFE. Extension of remarks of Rep. Reuss urging the enactment of legislation to restrict farm draining projects harmful to wildlife, stating that "there is not the slightest doubt that the Department of Agriculture's farm drainage program, as administered under existing law, has in many cases worked directly counter to the best interests of wildlife, water, and even soil conservation," and inserting an article and letter discussing the matter. pp. A4717-18

APPROPRIATIONS—COMMERCE

Committee on Appropriations: Subcommittee continued its hearings on fiscal 1959 appropriations for the Department of Commerce and related agencies, with testimony from the following departmental witnesses: George T. Moore, Assistant Secretary for Administration; Oscar H. Nielson, departmental budget officer; F. W. Reichelderfer, Chief, Weather Bureau; Robert W. Burgess, Director, Bureau of the Census; Horace B. McCoy, Administrator, Business and Defense Services Administration; and Merrill Whitman, Secretary, Panama Canal Company.

Hearings continue Monday, May 26.

APPROPRIATIONS—STATE DEPARTMENT

Committee on Appropriations: Subcommittee began hearings on H. R. 12428, fiscal 1959 appropriations for the Departments of State and Justice, and the Judiciary, with testimony from the following State Department officials: Secretary John Foster Dulles; Loy W. Henderson, Deputy Under Secretary for Administration; Robert Murphy, Deputy Under Secretary for Political Affairs; William O. Hall, Deputy Assistant Secretary for Budget and Finance; and Russell L. Riley, Director, International Educational Exchange Service.

Hearings continue tomorrow.

MILITARY CONSTRUCTION

Committee on Armed Services: Military Construction Subcommittee continued, in executive session, its hearings on S. 3756, military construction authorizations for fiscal 1959, with testimony from Maj. Gen. Howell M. Estes, Jr., Assistant Deputy Chief of Staff for Operations, and Col. Charles B. Downer, Directorate of Research and Development, both of the Air Force.

Hearings continue tomorrow in executive session.

HOUSING

Committee on Banking and Currency: Housing Subcommittee continued its hearings on pending housing legislation, with testimony from Dr. Lewis W. Jones, president of Rutgers University, for American Council on Education; Rev. Edward B. Bunn, S. J., president of Georgetown University, for Association of American Colleges; William L. Wilson, American Hospital Association; Stanley H. Lowell, Americans for Democratic Action; John T. Caldwell, American Association of Land-Grant Colleges and State Universities; Dr. David W. Mullins, Association for Higher Education, NEA; Philip F. Tripp, Knox Banner, and Warren M. Cox, all of the National Association of Housing and Redevelopment Officials; R. E. Carter, National Retail Furniture Association; Dr. R. B. Robbins, American Medical Association; John H. Haas, Metropolitan Association of General Improvement Contractors; and Mrs. Jency Price Houser, Washington, D. C.

Hearings continue tomorrow.

D. C. MATTERS

Committee on the District of Columbia: Committee, in executive session, ordered favorably reported the following: the nomination of Andrew McCaughrin Hood, to be an associate judge of the municipal court of appeals for the D. C.; without amendment—H. R. 12356, relative to the location of a new Potomac River bridge in the vicinity of Constitution Avenue in the D. C.; and H. R. 12377, to authorize the D. C. Commissioners to borrow funds for capital improvement programs; and with amendments—S. 3058, to amend the act regulating the bringing of damages against the D. C.; S. 3493, to establish a new formula for computing unemployment compensation in the D. C.; and S. 2419, to broaden and extend the coverage of the benefits of the D. C. Unemployment Compensation Act.

Prior to this action the committee held hearings on the nomination of Mr. Hood, with testimony from the nominee and others.

In a morning executive session the Subcommittee on Public Health, Education, Welfare, and Safety ordered favorably reported to the full committee S. 3493 and S. 2419.

UNEMPLOYMENT COMPENSATION

Committee on Finance: Committee met in executive session for the consideration of H. R. 12065, Temporary Unemployment Compensation Act of 1958, but made no announcements, and will meet again tomorrow to vote on the bill and any amendments thereto.

MUTUAL SECURITY

Committee on Foreign Relations: Committee began executive consideration of the proposed Mutual Security Act of 1958 (S. 3318 and H. R. 12181), and took the following actions:

(1) Adopted a new policy statement reading as follows: "(d) The Congress recognizes the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world. Consequently, it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration adequate to assist India to complete successfully its current program for economic development." (This is identical to S. Con. Res. 74, by Senators Kennedy and Cooper);

(2) Approved authorization of \$1.8 billion for military assistance (compared to \$1.6 billion in the House bill);

(3) Approved defense support authorization of \$835 million (compared with \$775 million in the House bill);

(4) Approved an amendment to the Foreign Service Act to allow Foreign Service officers to accept Presidential appointments in agencies other than the Department of State without resigning or retiring from the Foreign Service;

(5) Rejected an amendment by Senators Mansfield and Humphrey providing continuing authorization for military assistance and defense support and placing same in the Defense Department; and

(6) Senator Morse withdrew his amendment with regard to consideration of the special needs of Latin America.

Committee will continue consideration of this bill tomorrow.

MUSIC PUBLISHING

Committee on Interstate and Foreign Commerce: Communications Subcommittee resumed its hearings on S. 2834, to prohibit radio or television licensees from engaging in the music-publishing business or selling or manufacturing records, with testimony from Eric Johnston, president, Motion Picture Association of America; Richard Salant, vice president, CBS; Goddard Lieberman, president, Columbia Records; Joseph McDonald, general attorney, NBC; George Marek, RCA Victor Records; and Arthur M. Tolchin, Loew's, Inc.

Hearings will continue in July, the date of which is as yet undetermined.

TRANSPORTATION RATES

Committee on Interstate and Foreign Commerce: Committee concluded its hearings on section 5 (relating to the ratemaking provisions of the Interstate Commerce Act) of S. 3778, Transportation Act of 1958, with testimony from James F. Pinkney, American Trucking Associations, Washington, D. C.; G. C. Taylor, Mississippi Valley Barge Line Co., Chicago; A. C. Ingersoll, Federal Barge Lines, St. Louis; Jervis Langdon, Baltimore & Ohio Railroad, for the Association of American Railroads; Howard G. Freas, Chairman, Anthony F. Arpaia, and Robert W. Minor, members, and other officials of the Interstate Commerce Commission; G. E. Leighty, Railway Labor Executives Association, Washington, D. C.; Grant Arnold, of Philadelphia, for the National Industrial Traffic League; Hoyt Haddock, AFL-CIO; and Leon Leighton, Paterson, N. J.

Hearings adjourned subject to call of the Chair.

BANKRUPTCY

Committee on the Judiciary: Special subcommittee held hearings on the following bankruptcy bills:

H. R. 13, to amend in several respects the Bankruptcy Act, with testimony from Charles A. Horsky and W. Randolph Montgomery, both of the National Bankruptcy Conference; and Ernest Geeslin, Bankruptcy Division, Administrative Office of the U. S. Courts; and

H. R. 106, to authorize the courts of bankruptcy to determine the dischargeability and nondischargeability of provable debts, with testimony from Senator Lausche; Messrs. Horsky and Geeslin; Bertan Wolfe, National Bankruptcy Conference; Sidney S. Schiller and Milton Schaffner, both of the Chicago Retail Credit Associa-

tion; Linn K. Twinem, a New York attorney; and Landon L. Chapman, a Chicago attorney.

Hearings continue tomorrow.

SUBCOMMITTEE BUSINESS

Committee on the Judiciary: Antitrust and Monopoly Subcommittee met in executive session for the consideration of several pending bills to amend the Clayton Antitrust Act, but took no actions, and recessed subject to call of the Chair.

REGULATION OF LABOR ORGANIZATIONS

Committee on Labor and Public Welfare: Subcommittee on Labor continued its hearings on union financial and administrative practices and procedures, with testimony from George M. Harrison, president, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, on behalf of the Railway Labor Executives' Association, accompanied by Edward J. Hickey, Jr., counsel, of the firm of Mulholland, Robie & Hickey, Washington, D. C., and Toledo, Ohio; Prof. Richard Lester, Princeton University; and Jerome D. Fenton, General Counsel, NRLB.

Hearings continue tomorrow.

INTER-AMERICAN HIGHWAY

Committee on Public Works: Committee, in executive session, ordered favorably reported without amendment H. R. 7870, authorizing an additional \$10 million for completion of the Inter-American Highway.

COLUMBIA RIVER DEVELOPMENT

Committee on Public Works: Subcommittee on Rivers and Harbors-Flood Control held hearings on S. 2206 and S. 3114, bills relating to the Columbia River development, with testimony from Senator Neuberger; Gus Norwood, Northwest Public Power Association; Herbert Lundy, editor, Portland Oregonian; LaSalle Cole, Oregon Reclamation Association; William E. Welch, National Reclamation Association; and Truman Price, representing Governor Rosellini of Washington.

Hearings continue tomorrow.

INVESTIGATION

Select Committee on Improper Activities in the Labor or Management Field: Committee continued its hearings with regard to labor relations and transactions of the Great Atlantic & Pacific Tea Co., with the Amalgamated Meat Cutters and Butcher Workmen of North America, having as its witnesses William Casale, local 342, Amalgamated Meat Cutters, New York; Joseph E. O'Grady, member of the New York Transit Authority; Andrew DeSantis, New York; Fred Cornelius, former business agent of local 342, New York; Burton A. Zorn, labor counsel of the A. & P. Co.; Norman Cole, former examiner, Region No. 2, NLRB; and George Martin and George Kopecky, committee staff members.

Hearings continue tomorrow.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 23, 1958
For actions of May 22, 1958
85th-2d, No. 81

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HIGHLIGHTS: House agreed to conference report on Interior appropriation bill. House committee ordered reported bills to permit transfer of 1958 cotton allotments due to excessive rainfall and to increase allotments for extra-long staple cotton seed. Senate committee reported bill to permit transfer of 1958 cotton allotments due to excessive rainfall. House debated Alaska statehood bill. Sen. Williams criticized large payments to farmers under Soil Bank. Sen. Humphrey introduced and discussed marketing facilities improvement bill.

SENATE

- 1. COTTON ALLOTMENTS.** The Agriculture and Forestry Committee reported an original bill, S. 3890, to permit the transfer of 1958 farm acreage allotments for cotton in cases of natural disaster (S. Rept. 1626). p. 8311
- 2. SOIL BANK.** Sen. Williams criticized the large payments made to certain individuals under the Soil Bank program, and listed the statistical breakdown of payments over \$10,000 per farm. pp. 8319-20
- 3. FOREIGN AID.** The Foreign Relations Committee continued executive consideration of S. 3318 and H. R. 12181, the proposed Mutual Security Act of 1958, approving the development loan fund and the money authorizations in S. 3318. p. D452
Sen. Smith inserted an article on the discussions of Reps. Carnahan and Merrow with citizens all over the U. S. on the subject of foreign aid. pp. 8328-9

4. FARM SPENDING. Sen. Morse inserted an article on a research study of the buying power generated by Ore. farmers. p. 8355
5. TAXATION. Sen. Morse discussed the problems of taxation and urged the repeal of certain excise taxes, with comments by Sens. Sparkman and Symington. pp. 8343-6
6. PROPERTY. Sen. Morse discussed certain bills which had been passed the day before, and asserted that each met the test of the "Morse formula" regarding payment of the fair market value for land transferred from the Federal Government. He stated that since 1946 application of this formula has saved the U. S. \$600 million. pp. 8354-5
7. LEGISLATIVE PROGRAM. Sen. Johnson announced that on Mon., May 26, the Senate would consider H. R. 6006, to provide for greater certainty, speed, and efficiency in the Antidumping Act, with other bills, and stated that the Senate would not be in session on Memorial Day. p. 8317
8. ADJOURNED until Mon., May 26. p. 8355

HOUSE

9. APPROPRIATIONS. Agreed to the conference report on H. R. 10746, the Interior appropriation bill for 1959, and acted on amendments in disagreement. For information regarding Forest Service items see Digest 80. p. 8360
10. AGRICULTURE COMMITTEE ordered reported the following bills: p. D453
 - H. R. 12602, to permit the transfer of 1958 farm acreage allotments for cotton in the case of natural disasters;
 - H. R. 12531, to permit the allocation of acreage from extra long staple cotton for the production of extra long staple cotton seed;
 - H. R. 12164, to permit the use of surplus foods in nonprofit summer camps for children;
 - H. R. 11330, to amend the Packers and Stockyards Act so as to permit marketing agencies to deduct from the proceeds of livestock sales to finance research or sales-promotion programs;
 - H. R. 11581, to increase the import duty on wheat for seeding purposes which has been treated with poisonous substances and is unfit for human consumption.
11. RICE. The "Daily Digest" states as follows: "Committee on Agriculture: Subcommittee on Rice reported favorably to the full committee a committee print, the provisions of which are to be included in an omnibus farm bill." p. D454
At the request of Rep. Martin, Rep. Thompson, Tex., withdrew his request for concurring in the Senate amendments to H. R. 8490, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the lands on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties. p. 8396
12. CHEMICAL ADDITIVES. A subcommittee of the Interstate and Foreign Commerce Committee ordered reported H. R. 9521, to amend the Federal Food, Drug, and Cosmetic Act so as to revise the definition of the term "chemical additive" to provide that it shall not include any pesticide chemicals when used in or on any raw agricultural commodity which is the produce of the soil. p. D454

Daily Digest

HIGHLIGHTS

House cleared for President bill increasing postal rates and pay, and debated Alaskan statehood bill.

Senate

Chamber Action

Routine Proceedings, pages 8310-8315

Bills Introduced: 10 bills and 2 resolutions were introduced, as follows: S. 3881-3890; S. Con. Res. 90; and S. Res. 309. Page 8311

Bills Reported: Reports were made as follows:

H. R. 12065, Temporary Unemployment Compensation Act of 1958 (S. Rept. 1625); and

S. 3890, authorizing transfer of cotton acreage allotments from lands which cannot be planted to other lands in the year 1958 (S. Rept. 1626). Page 8311

Unknowns of World War II and Korea: S. Con. Res. 90, authorizing purchase of floral wreath to be placed in the rotunda of the Capitol where the Unknowns of World War II and Korea will lie in state May 28-30, 1958, was adopted. Page 8310

Taxation—Footwear: Senate passed with committee amendment H. R. 9291, to define parts of certain types of footwear for tariff purposes. Motion to reconsider this action was tabled. Pages 8315-8317

Unemployment Compensation: Authority was granted for filing of minority views by midnight Monday, May 26, on H. R. 12065, Temporary Unemployment Compensation Act of 1958. Page 8317

Metal Scrap Imports: Senate took up, debated, but did not complete action on H. R. 10015, to continue for 1 year the suspension of duties and import taxes on metal scrap. Page 8317

Legislative Program: Majority leader announced that on Monday, May 26, Senate will schedule no controversial legislation, but the following bills may be considered on that date: H. R. 6006, improved enforcement of Antidumping Act; H. R. 7870, authorizing additional \$10 million for completion of Inter-American Highway; H. R. 12356, Potomac River bridge; and H. R. 12377, D. C. capital improvement programs. On Tuesday, it is hoped to take up H. R. 12065, unemployment compensation, and during week Senate probably will consider mutual security legislation (S. 3318 and H. R.

12181). It is the intention for Senate to go over Memorial Day from Thursday, May 29, until Monday, June 2, and therefore may have late evening sessions on Tuesday, Wednesday, and Thursday. Page 8317

Confirmations: Senate confirmed 1 civilian, 1 judicial, and 213 postmaster nominations. Pages 8356-8357

Nomination: One Coast Guard nomination was received. Page 8355

Program for Monday: Senate adjourned at 4:10 p. m. until noon Monday, May 26, when its unfinished business will be H. R. 10015, metal scrap imports, probably to be followed by bills listed in "Legislative Program" above. Pages 8317, 8355

Committee Meetings

(Committees not listed did not meet)

APPROPRIATIONS—STATE AND THE JUDICIARY

Committee on Appropriations: Subcommittee continued its hearings on H. R. 12428, fiscal 1959 appropriations for the Departments of State and Justice, and the Judiciary, with testimony in behalf of funds for their departments from Loy W. Henderson, Deputy Under Secretary for Administration, and William O. Hall, Deputy Assistant Secretary for Budget and Finance, both of the Department of State; Warren Olney III, Director, Administrative Office of the U. S. Courts; and Chief Judge John Biggs, Jr., U. S. Court of Appeals for the Third Circuit.

Hearings continue Tuesday, May 27.

MILITARY CONSTRUCTION

Committee on Armed Services: Military Construction Subcommittee continued its hearings on S. 3756, military construction authorizations for fiscal 1959, with testimony from the following representatives of the Air Force: Maj. Gen. Howell M. Estes, Jr., Assistant Deputy Chief of Staff for Operations; Brig. Gen. Christian Dreyer, Deputy Director for Real Property; Brig. Gen. William Rentz, Deputy Director of Installations; Col. Wilson H. Banks, Assistant Deputy Director for Real

Property; Col. Robert P. Hosken, Directorate of Communications; Col. Edgar R. Jackson, Directorate of Installations; and Lt. Col. John Gibson, Directorate of Installations.

Hearings continue tomorrow with Navy witnesses.

HOUSING

Committee on Banking and Currency: The Housing Subcommittee concluded its hearings on pending housing legislation, with testimony from Albert M. Cole, Administrator, HHFA; Norman P. Mason, Commissioner, FHA; Boris Shishkin, housing committee, AFL-CIO; Robert T. Tharpe and Sam Neel, Mortgage Bankers Association; Mrs. Ruth Hankins Nesbitt, American Council on Human Rights; Frank Chapman, Maine Municipal Association; George McLain, Robert Brown, and Richard Loughhead, all of the National Institute of Social Welfare; the Right Reverend John O'Grady, National Conference of Catholic Charities; and Charles Wellman, Glendale Federal Savings & Loan Association.

Subcommittee will meet on Monday, May 26, for executive consideration of this matter.

UNEMPLOYMENT COMPENSATION

Committee on Finance: Committee, in executive session, ordered favorably reported without amendment H. R. 12065, Temporary Unemployment Compensation Act of 1958.

MUTUAL SECURITY

Committee on Foreign Relations: Committee continued its executive consideration of the proposed Mutual Security Act of 1958 (S. 3318 and H. R. 12181); approved the section incorporating the development loan fund; took tentative action, subject to later reconsideration, in approving the money authorizations in S. 3318; and approved various other sections relative to administration of the program.

Committee will meet again tomorrow.

AIR TRAFFIC CONTROL

Committee on Interstate and Foreign Commerce: Subcommittee on Aviation held hearings to receive testimony as to what the military services and civil aviation authorities are doing to coordinate air traffic control. Witnesses heard were James T. Pyle, Administrator, David Thomas, Office of Air Traffic Control, and R. P. Boyle, General Counsel, all of the Civil Aeronautics Administration; Malcolm A. MacIntyre, Under Secretary, Maj. Gen. Morris A. Preston, Director of Operations, and Col. Lawrence E. Lightner, all of the Air Force; Maj. Gen. W. P. Wilson, Chief, Air Force Division, National Guard Bureau; Oscar Bakke, Director of

Safety, Civil Aeronautics Board; and Capt. Jesse Bradford, Capital Airlines.

Hearings continue tomorrow.

WIRETAPPING

Committee on the Judiciary: The Constitutional Rights Subcommittee continued its hearings on the subject of wiretapping, eavesdropping, and the Bill of Rights, with testimony from Prof. Alan F. Westin, Cornell University, and Thomas Eagleton, circuit attorney, St. Louis.

Hearings recessed subject to call of the Chair.

BANKRUPTCY

Committee on the Judiciary: Special subcommittee held hearings on H. R. 982, relating to the railroad reorganization provisions of the Bankruptcy Act, with testimony from Vernon V. Baker, Director, Bureau of Finance, ICC; Armistead B. Rood, a D. C. attorney; Herbert H. Corbin, representing the New Haven Railroad; and Joseph B. Hyman, representing the public stockholders of the Boston & Providence Railroad Corp.

Subcommittee recessed subject to call of the Chair.

REGULATION OF LABOR ORGANIZATIONS

Committee on Labor and Public Welfare: Subcommittee on Labor continued its hearings on union financial and administrative practices and procedures, with testimony from George Meany, president, accompanied by Thomas Harris, associate counsel, both of the AFL-CIO; and Prof. Edward Chamberlin, Harvard University.

Hearings continue tomorrow.

COLUMBIA RIVER DEVELOPMENT

Committee on Public Works: Subcommittee on Rivers and Harbors—Flood Control continued its hearings on S. 2206 and S. 3114, bills relating to Columbia River development, with testimony from William A. Pearl, Administrator, Leon Jourolmon, and Bernard Goldhammer, all of the Bonneville Power Administration; Theodore F. Stevens, Assistant to the Secretary, Department of the Interior; Vince Cleaveland, manager, Clark County Public Utility District, Washington; and Kinsey Robinson, Washington Water Power Co.

Hearings continue tomorrow.

INVESTIGATION

Select Committee on Improper Activities in the Labor or Management Field: Committee held hearings on activities of the Amalgamated Meat Cutters and Butcher Workmen of North America and the financial transactions of Max Block, vice president and member of locals 342 and 640 of this labor union, and president of New York Butchers Council. Numerous witnesses testified as to their knowledge of these matters.

Hearings continue Monday.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 26, 1958
For actions of May 23, 1958
85th-2d. No. 82

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HIGHLIGHTS: House debated Alaska statehood bill. Senate committee ordered reported mutual security authorization bill.

1. RICE. Concurred in the Senate amendments to H. R. 8490, to make technical adjustments in the law relating to rice acreage allotments, to provide for re-assignment of such allotments when the lands on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties. This bill will now be sent to the President. p. 8408
2. PERSONNEL AWARDS. The Education and Labor Committee ordered reported with amendment H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement. p. D458
3. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee ordered reported H. R. 8645, to amend the Reclamation Project Act regarding the repayment of contracts on reclamation projects. p. D458
4. STATEHOOD. Continued debate on H. R. 7999, the Alaska statehood bill. pp. 8409-12
5. MUTUAL SECURITY. Received from the President a semiannual report on the operations of the Mutual Security Program for July 1 through Dec. 31, 1957 (H. Doc. 368). p. 8408
6. FORESTRY. Received from Interior a proposed bill "to add certain public lands in California to the Pala Indian Reservation, the Pauma Indian Reservation, and

the Cleveland National Forest, and for other purposes"; to Interior and Insular Affairs Committee. p. 8414

7. PROPERTY. Received from GSA a proposed bill "to repeal that part of the act of March 2, 1889, as amended, which requires that grantors furnish, free of all expenses to the Government, all requisite abstracts, official certifications, and evidence of title"; to Public Works Committee. p. 8414
8. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Alaska statehood bill should be disposed of by Tues., May 27, to be followed by consideration of the bill to extend trade agreements authority. He stated the House will not be in session Fri., May 30. p. 8413
9. ADJOURNED until Mon., May 26. p. 8414

SENATE

10. MUTUAL SECURITY. The Foreign Relations Committee ordered reported with an amendment in the nature of a substitute H. R. 12181, to extend the mutual security program. The "Daily Digest" states that "as approved, the bill would provide a total of \$3,068,900,000, \$229 million less than administration requests, and \$110 million more than authorized by the House. Reductions made by the committee were in the Military Assistance and Defense Support Programs. The bill incorporates a development loan fund, and makes a number of other changes designed to improve the Mutual Security Program and other overseas activities of the U. S." p. D457

ITEMS IN APPENDIX

11. FARM PROGRAM. Extension of remarks of Rep. Hagen inserting 2 articles commenting on the farm problem, "The Farm Editor Says," and "Food Chains Try Hand At Supplying Own Meat." pp. A4773-6
12. COTTON. Rep. Hagen inserted an article, "Dual Support Goals Are Called Threat To Cotton." p. A4781
13. SMALL BUSINESS. Extension of remarks of Rep. Hill inserting excerpts from commendatory letters supporting the work and activity of the Small Business Administration. pp. A4781-2
14. POSTAL RATES. Rep. Murray inserted a summary of the main points of the conference report on the postal rate and pay bill. p. A4784
15. FOREIGN TRADE. Extension of remarks of Rep. Porter inserting a letter from the Pacific American Steamship Ass'n refuting alleged charges that imports of plywood have been harmful to the plywood industry. p. A4789

BILLS INTRODUCED

16. LANDS. H. R. 12662, by Rep. Berry, to provide for the acquisition of lands by the United States required for the reservoir created by the construction of Oahe Dam on the Missouri River and for rehabilitation of the Indians of the Standing Rock Sioux Reservation in South Dakota and North Dakota; to Interior and Insular Affairs Committee.

Daily Digest

HIGHLIGHTS

House debated Alaskan statehood bill.
See Congressional Program Ahead.

Senate

Chamber Action

The Senate was not in session today. Its next meeting will be held on Monday, May 26, at 12 o'clock noon.

Committee Meetings

(Committees not listed did not meet)

MILITARY CONSTRUCTION

Committee on Armed Services: Military Construction Subcommittee continued its hearings on S. 3756, military construction authorizations for fiscal 1959, with testimony from the following representatives of the Navy Department: Fred A. Bantz, Assistant Secretary for Material; Rear Adm. J. W. Ailes, Chief, Shore Establishment Development and Maintenance Division, Rear Adm. K. S. Masterson, Director, Guided Missiles Division, Rear Adm. J. T. Hayward, Assistant CNO for Research and Development, and Rear Adm. L. P. Ramage, Director, Surface Warfare Division, all of the Office of CNO; Rear Adm. W. F. Raborn, Director, Special Projects, Bureau of Ordnance; Rear Adm. E. J. Peltier, Chief, Bureau of Yards and Docks; and Brig. Gen. W. M. Greene, Jr., Assistant Chief of Staff for Plans, and Brig. Gen. C. R. Allen, Executive Officer to Quartermaster General, both of the Marine Corps.

Hearings continue Monday, May 26.

SMALL BUSINESS ACT

Committee on Banking and Currency: Small Business Subcommittee held hearings to receive testimony from SBA Administrator Wendell Barnes on proposals to amend and extend the Small Business Act. Mr. Barnes urged enactment of H. R. 7963, with amendments.

MUTUAL SECURITY

Committee on Foreign Relations: Committee, in executive session, ordered favorably reported with an amendment in the nature of a substitute H. R. 12181, Mutual Security Act of 1958. As approved, the bill would provide a total of \$3,068,900,000, \$229 million less than administration requests, and \$110 million more than

authorized by the House. Reductions made by the committee were in the Military Assistance and Defense Support Programs. The bill incorporates a development loan fund, and makes a number of other changes designed to improve the Mutual Security Program and other overseas activities of the U. S.

COLUMBIA RIVER BASIN

Committee on Interior and Insular Affairs: Committee continued its hearings with regard to certain power problems in the Columbia River Basin, with testimony relative to negotiations between the Bureau of Reclamation and the Idaho Power Co. and cooperatives in southwestern Idaho. Witnesses heard were Harold T. Nelson, Regional Director, and Thomas Martz, both of the Bureau of Reclamation, Boise; Donald Campbell, Bureau of Reclamation, Washington, D. C.; and Edward Weinberg, Office of the Solicitor, all of the Interior Department.

Hearings adjourned subject to call of the Chair.

AIR TRAFFIC CONTROL

Committee on Interstate and Foreign Commerce: Subcommittee on Aviation concluded its current series of hearings regarding what the military services and civil aviation authorities are doing to coordinate air traffic control. Witnesses heard were James R. Durfee, Chairman, Oscar Bakke, Chief of Bureau of Safety, and Ross Newman, Assistant Counsel, all of the CAB; Gen. E. R. Quesada, Chairman, Airways Modernization Board; Stuart G. Tipton, president, Gen. Milton W. Arnold, Walter Jensen, and Craig Timmerman, all of the Air Transport Association of America; and Clarence Sayen, president, J. D. Smith, and Thomas Bassnight, all of the Air Line Pilots Association.

REGULATION OF LABOR ORGANIZATIONS

Committee on Labor and Public Welfare: Subcommittee on Labor concluded its hearings on union financial and administrative practices and procedures, after hearing testimony from Secretary of Labor James R. Mitchell.

COLUMBIA RIVER DEVELOPMENT

Committee on Public Works: Subcommittee on Rivers and Harbors—Flood Control continued its hearings on S. 2206 and S. 3114, bills relating to Columbia River development, with testimony from Senator Dworshak;

Thomas Delzell, Portland General Electric Co., Oregon; Harold Seidman, Bureau of the Budget; Alex Radin, American Public Power Association; James E. Murphy, representing Governor Aronson, of Montana; and C. Girard Davidson, Washington, D. C.

Hearings recessed subject to call of the Chair.

House of Representatives

Chamber Action

Bills Introduced: 12 public bills, H. R. 12662–12673; 2 private bills, H. R. 12674 and 12675; and 2 resolutions, H. Res. 575 and 576, were introduced. Pages 8414–8415

Bills Reported: Reports were filed as follows:

S. J. Res. 166, inviting International Civil Aviation Organization to hold its 12th assembly in the United States (H. Rept. 1768); and

H. Con. Res. 332, relative to the establishment of plans for the peaceful exploration of outer space (H. Rept. 1769). Page 8414

Rice Acreage Allotments: H. R. 8490, to amend the Agricultural Adjustment Act with respect to rice acreage allotments, was cleared for Presidential action by House agreement to Senate amendments thereto. Page 8408

Alaska Statehood: Continued general debate on H. R. 7999, to provide for the admission of the State of Alaska into the Union. When the Committee of the Whole House on the State of the Union rose there remained 1 day of general debate ending at 5 p. m. on Monday. Pages 8409–8412

Program for Monday: Adjourned at 1:04 p. m. until Monday, May 26, at 12 o'clock noon. For program see Congressional Program Ahead in this DIGEST.

Committee Meetings

DAIRY INDUSTRY

Committee on Agriculture: Subcommittee on Dairy Products met in executive session on various dairy industry "self-help" bills and will meet again in executive session on Monday, May 26.

MILITARY CONSTRUCTION

Committee on Armed Services: Received testimony from Army Department representatives in continuation of hearings on H. R. 12360, to authorize certain construction at military installations. Hearings resume on Monday, May 26.

D. C. LEGISLATION

Committee on the District of Columbia: Subcommittee on the Judiciary held hearing but took no action on the following bills: H. R. 5545, to prescribe administrative procedure for the government of the District of Columbia; and H. J. Res. 582, to promulgate special regulations for the period of the Middle Atlantic Shrine Association meeting. Testimony was received from representatives of the District Bar Association and the Corporation Counsel's office. Adjourned subject to call of the Chair.

CIVILIAN ACHIEVEMENT MEDAL

Committee on Education and Labor: On Thursday, May 22, ordered favorably reported to the House H. R. 488 (amended), to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement.

Also recommitted to the Subcommittee on Special Education H. R. 243, to provide for the admission to St. Elizabeths Hospital, in the District of Columbia, of certain citizens of the United States adjudged insane in foreign countries.

AVIATION

Committee on Government Operations: Subcommittee on Legal and Monetary Affairs continued hearings with respect to the role of the Federal Government in aviation matters. Testimony was received from Chairman James R. Durfee, Civil Aeronautics Board, and Elwood Quesada, Special Assistant to the President for Aviation Facilities Planning. Adjourned subject to call of the Chair.

RECLAMATION

Committee on Interior and Insular Affairs: Subcommittee on Irrigation and Reclamation ordered favorably reported to the full committee H. R. 8645, to provide for repayment of contracts of reclamation projects. Also considered but took no action on H. R. 4421, with respect to operation of works on the reservation division, Yuma reclamation project, California.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 27, 1958
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HIGHLIGHTS: House received conference report on agricultural appropriation bill. Senate agreed to conference report on Interior appropriation bill. House committee reported bill to permit transfer of cotton allotments due to excessive rainfall. Senate committee reported bill to fix price support on extra-long staple cotton at 60 to 75 percent of parity. Rep. Thomson, and others, commended administration farm program. Senate committee reported mutual security authorization bill. House debated Alaska statehood bill.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1959. Received the conference report on this bill, H. R. 11767 (H. Rept. 1776). (pp. 8482-83, 8530) At the end of this Digest is a summary of the actions of the conferees.
2. COTTON ALLOTMENTS. The Agriculture Committee reported with amendment H. R. 12602, to permit the transfer of 1958 farm acreage allotments for cotton in the case of natural disasters (H. Rept. 1772). p. 8530
3. SURPLUS FOODS. The Agriculture Committee reported with amendment H. R. 12164, to permit the donation of surplus foods to nonprofit summer camps for children (H. Rept. 1774). p. 8530
4. STATEHOOD. Continued debate on H. R. 7999, the Alaska statehood bill. pp. 8484-8521

5. FARM PROGRAM. Rep. Thomson commended administration farm policies, discussed recent improvements in various segments of agriculture, and stated "the situation today again proves that price supports at high levels are not in the best interests of agriculture." Other Representatives joined him in commending present policies. pp. 8524-28
6. ECONOMIC CONDITIONS. Rep. Vursell discussed current economic conditions and stated "we should face up to our responsibility, and stop wage and price inflation before this session of Congress adjourns." pp. 8522-24
7. SMALL BUSINESS. Rep. Patman inserted a letter from Gov. McFarland, Ariz., favoring legislation to establish a small business capital bank system. pp. 8528-28

SENATE

8. APPROPRIATIONS. Agreed to the conference report on H. R. 10746, the Interior appropriation bill for 1959. For information regarding Forest Service items, see Digest 80. This bill will now be sent to the President. pp. 8445-7
9. AGRICULTURE AND FORESTRY Committee reported the following bills:
 - Without amendment, H. R. 11399, to authorize the Secretary to set the level of price support for extra long-staple cotton at between 60 and 75 percent of parity (S. Rept. 1628);
 - With amendments, H. R. 376, to prohibit trading in onion futures on commodity exchanges (S. Rept. 1631);
 - Without amendment, H. R. 7953, to facilitate and simplify the work of the Forest Service (S. Rept. 1629); and
 - Without amendment, H. R. 5497, to authorize Federal assistance for certain fish and wildlife development projects under the Watershed Protection and Flood Prevention Act (S. Rept. 1630). p. 8419
10. FOREIGN AID. The Foreign Relations Committee reported with amendment H. R. 12181, the mutual security authorization bill for 1958 (S. Rept. 1627). pp. 8419-20
 - Sen. Proxmire submitted and discussed three amendments to the foreign aid bill to bar all aid to Yugoslavia, the Dominican Republic, and Saudi Arabia. p. 8424
 - Sen. Morse discussed the mutual security authorization bill, urged it be strengthened, and announced that his proxy vote for Sen. Long did not indicate that Sen. Long favored the bill. pp. 8450-1
 - Sen. Wiley urged passage of the mutual security authorization bill and inserted his radio speech in favor of the bill. pp. 8451-2
 - Sen. Morse obtained unanimous consent to file his minority views and have them printed as part of the Senate report on the mutual security authorization bill. He urged that the bill be amended to contain more loans and fewer grants. pp. 8471-3
 - Received from the President the 13th semiannual report on the operations of the mutual security program (H. Doc. 368). p. 8417
 - Received from the Comptroller General an audit report on the Economic and Technical Assistance Program for Vietnam as conducted by ICA from 1955 to 1957. p. 8418
11. IMPORTS. Passed as reported H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Antidumping Act. pp. 8455-6

accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution of the Senate of the State of Tennessee; to the Committee on Armed Services:

"Senate Resolution 2

"Whereas the Department of the Army is proceeding with plans to reduce the Army National Guard strength by approximately 30 percent for the fiscal year 1959; and

"Whereas the Committee for Armed Services in its Resolution 1 recommends that the strength of the guard for the fiscal year 1959 be maintained at the current 400,000 with an input of 55,000 nonprior service men into 6 months' training, further directing revised troop basis for the Army National Guard be developed with the approval of the States and Territories, the proposed reduction necessitating the discharge of several hundred full-time employees and the elimination of some 5,000 officers and warrant officers, many of whom are highly trained in military skills; and

"Whereas it has been proposed in the Congress that these well-trained reservists be discharged from the service at a time when military strength is a must to our country, and the communities and personnel to be eliminated would be bad for the economy of the various communities affected: Now, therefore, be it

"Resolved, That the Senate of the State of Tennessee go on record as opposed to reduction in the strength of the Army National Guard for the fiscal year of 1959, and that the recommendation of the House Armed Services Committee to maintain the strength of the guard at 400,000 for the fiscal year 1959, to allow sufficient funds for the input of 55,000 nonprior service men into 6 months' training, and that any revised troop basis for the Army National Guard be developed with the approval of the States and Territories be adhered to by the Department of the Army; be it further

"Resolved, That a copy of this resolution be transmitted to the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, and to each Member of Congress elected from the State of Tennessee and that the latter be urged to do everything in their power to forward the purposes of this resolution.

"Adopted: May 17, 1958

"JARED MADDUX,
"Speaker of the Senate."

A concurrent resolution of the Legislature of the State of Rhode Island; to the Committee on Armed Services:

"Resolution H. 1427

"Concurrent resolution of the Legislature of the State of Rhode Island memorializing Congress to enact legislation to provide national recognition to certain national, nonprofit, nonpolitical war veterans' organizations

"Whereas several outstanding veterans' organizations within the State of Rhode Island, and elsewhere throughout the country, have sought to obtain in the past national recognition from the Congress of the United States in order to have conveyed upon them certain benefits, rights, privileges and pre-

rogatives to which they are rightfully entitled; and

"Whereas repeated action in this regard has persistently fallen far short of congressional approval in the past due primarily to the failure of Congress to extend sympathetic consideration to the separate presentations of such veterans' organizations for national recognition; and

"Whereas on January 23, 1958, an omnibus bill was introduced in the Senate of the United States by the Honorable JOHN O. PASTORE, junior Senator from Rhode Island, such bill being known as S. 3116; and

"Whereas S. 3116, if enacted by the Congress, would grant national recognition in certain matters to such outstanding veterans' organizations, who have contributed magnificently to the course of patriotism and veterans' welfare, as the Italian-American World War Veterans, the Franco-American War Veterans, the Polish-American War Veterans, etc., and who, by virtue of their growing, and potential, membership, have established every entitlement to such national recognition;

"Resolved by the house of representatives (the senate concurring), That the General Assembly of the State of Rhode Island, does hereby memorialize and petition, and does respectfully urge the Congress of the United States to approve the enactment of S. 3116 providing national recognition to certain national, nonprofit, nonpolitical war veterans' organizations;

"Resolved, That the secretary of state transmit a duly authenticated copy of the resolution to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Rhode Island delegation in the Congress."

A resolution adopted by the Board of supervisors of Erie County, Buffalo, N. Y., favoring the enactment of legislation to increase the dependency allowance under the income tax laws; to the Committee on Finance.

A paper in the nature of a memorial from the Committee for Representative American Art, New York, N. Y., relating to the American art exhibit at the Brussels World Fair, and so forth; to the Committee on Foreign Relations.

The memorial of William and Bessie Engle, of Fort Scott, Kans., remonstrating against any change in the National Anthem; to the Committee on the Judiciary.

A resolution adopted by the Grand Traverse County Board of Supervisors, Traverse City, Mich., protesting against the diversion of water from Lake Michigan to the Committee on Public Works.

A letter in the nature of a petition from Vernon R. Mottinger, mayor of the city of West Covina, Calif., favoring enactment of legislation to provide for the continuance of flood control work on the Walnut Creek system in the State of California, to the Committee on Public Works.

PROHIBITION OF ALCOHOLIC BEVERAGE ADVERTISING IN INTERSTATE COMMERCE—PETITIONS

Mr. HAYDEN. Mr. President, I present four petitions signed by numerous citizens of Phoenix, Ray, Duncan, and Morenci, in the State of Arizona, favoring the passage of legislation prohibiting the transportation in interstate commerce of advertisements of alcoholic beverages.

I ask unanimous consent that the text of one of the petitions be printed in the RECORD and that they be referred to the Committee on Interstate and Foreign Commerce.

The VICE PRESIDENT. The petitions will be received and referred to the Committee on Interstate and Foreign Commerce; and, without objection, one of the petitions will be printed in the RECORD.

The petition, without the signatures attached, is as follows:

To Our Senators:

We, the undersigned voters in Phoenix, Ariz., respectfully urge you to use the influence of your high office and your personal support and vote for the passage of the Langer bill (S. 582) to prohibit the transportation in interstate commerce of all advertisements of alcoholic beverages including beer.

Please present this petition to the United States Senate and have it recorded in the CONGRESSIONAL RECORD.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Agriculture and Forestry, with amendments:

H. R. 376. An act to amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges (Rept. No. 1631).

By Mr. EASTLAND, from the Committee on Agriculture and Forestry, without amendment:

H. R. 5497. An act to amend the Watershed Protection and Flood Prevention Act (Rept. No. 1630); and

H. R. 7953. An act to facilitate and simplify the work of the Forest Service, and for other purposes (Rept. No. 1629).

By Mr. JOHNSTON of South Carolina, from the Committee on Agriculture and Forestry, without amendment:

H. R. 11399. An act relating to price support for the 1958 and subsequent crops of extra long staple cotton (Rept. No. 1628).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 2850. A bill for the relief of Maria Pontillo (Rept. No. 1632); and

S. 3042. A bill for the relief of Miss Alegra Azouz (Rept. No. 1633).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 2936. A bill for the relief of Feofania Bankevitz (Rept. No. 1634);

S. 2983. A bill for the relief of Bernabe Miranda, Manuel Miranda, and Anastacio Miranda (Rept. No. 1635);

S. 3130. A bill for the relief of Georgios Papaconstantinou (Rept. No. 1636); and

S. 3305. A bill for the relief of Adamantia Andrikopoulos (Pappas) Papavasiliou (Rept. No. 1637).

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—REPORT OF A COMMITTEE—INDIVIDUAL VIEWS (S. REPT. NO. 1627)

Mr. GREEN. Mr. President, from the Committee on Foreign Relations I report favorably, with an amendment, the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and I submit a report thereon, together with the individual views of the Senator from Oregon [Mr. MORSE]. I express the hope that the Senate may consider this proposed legislation at its early convenience.

I take this occasion to call the attention of my colleagues to the fact that

the committee's hearings were published in mid-April, and have been available to Members of the Senate since that time.

In view of the fact that portions of the testimony received were of a classified nature, I have made arrangements for the full record of the hearings and of the executive branch presentation to be held available for the use of all Senators. That material is now in the offices of the Committee on Foreign Relations for use in accordance with committee regulations. I have asked that during consideration of the bill on the floor staff members be constantly in attendance on the floor so that individual Senators may be informed of any classified testimony received by the committee during its consideration of the bill.

I ask unanimous consent that individual views may be printed with the committee report.

The VICE PRESIDENT. The report will be received and printed, as requested by the Senator from Rhode Island, and the bill will be placed on the calendar.

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,
The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Frank Aloysius McKinley, of Hawaii, to be fourth judge of the first circuit, circuit courts, Territory of Hawaii;

Walter H. Hodge, of Alaska, to be United States district judge, division No. 2, district of Alaska;

Henry J. Cook, of Kentucky, to be United States attorney for the eastern district of Kentucky, vice Edwin R. Denney; and

John Burke Dennis, of Missouri, to be United States marshal for the western district of Missouri.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MURRAY:

S. 3891. A bill to strengthen the acreage limitation requirements of section 27 of the Mineral Leasing Act of 1920, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MURRAY (by request):

S. 3892. A bill to stabilize production of copper, lead, zinc, acid-grade fluorspar and tungsten from domestic mines by providing for stabilization payments to producers of ores or concentrates of these commodities; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. MURRAY when he introduced the above bill, which appear under a separate heading.)

By Mr. MORSE:

S. 3893. A bill for the relief of Alexander Antoniou; to the Committee on the Judiciary.

By Mr. WATKINS:

S. 3894. A bill for the relief of Joseph H. Lym, doing business as the Lym Engineering Co.; to the Committee on the Judiciary.

S. 3895. A bill to authorize the Secretary of the Interior to convey to the Metropolitan Water District of Salt Lake City, Utah, all right, title, and interest of the United States in certain lands located in Salt Lake County, Utah; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. WATKINS when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. KEFAUVER (for himself and Mr. GORE):

S. 3896. A bill to designate the dam and reservoir to be constructed at Stewarts Ferry, Tenn., as the J. Percy Priest Dam and Reservoir; to the Committee on Public Works.

(See the remarks of Mr. KEFAUVER when he introduced the above bill, which appear under a separate heading.)

By Mr. MAGNUSON (for himself, Mr. KEFAUVER, Mr. DOUGLAS, Mr. MURRAY, Mr. YOUNG, Mr. BEALL, Mr. YARBOROUGH, Mr. HILL, Mr. LANGER, Mr. CARROLL, Mr. PAYNE, Mr. MORSE, Mr. COOPER, Mr. POTTER, Mr. HUMPHREY, Mr. KUCHEL, Mr. CHURCH, and Mr. JACKSON):

S. 3897. A bill to promote the safety of employees and travelers upon common carriers by railroad engaged in interstate commerce by requiring such carriers to maintain tracks, bridges, roadbeds, and permanent structures for the support of way, trackage, and traffic in safe and suitable condition, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGLAS (for himself, Mr. NEUBERGER, and Mr. MORSE):

S. 3898. A bill to authorize the establishment of the Indiana Dunes National Monument; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. DOUGLAS when he introduced the above bill, which appear under a separate heading.)

By Mr. MONRONEY:

S. 3899. A bill to readjust the size and weight limitations on fourth-class mail matter; to the Committee on Post Office and Civil Service.

RESOLUTIONS

PRINTING OF ADDITIONAL COPIES OF HEARING ON SALINE WATER CONVERSION

Mr. MURRAY submitted the following resolution (S. Res. 310) which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Senate Committee on Interior and Insular Affairs 1,000 additional copies of the hearing held by that committee during the current session entitled "Saline Water Conversion."

PRINTING OF ADDITIONAL COPIES OF PART 6 OF HEARINGS ENTITLED "INVESTIGATION OF THE FINANCIAL CONDITION OF THE UNITED STATES"

Mr. BYRD. Mr. President, I submit a resolution, and ask unanimous consent for its present consideration. The reso-

lution provides for the printing of 3,200 additional copies of part 6 of the hearings entitled "Investigation of the Financial Condition of the United States," which hearings were conducted by the Finance Committee during the 85th Congress, 2d session.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 311) submitted by Mr. BYRD was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That there be printed for the use of the Committee on Finance 3,200 additional copies of part 6 of the hearings entitled "Investigation of the Financial Condition of the United States," held by that committee during the 85th Congress, 2d session.

STABILIZATION PAYMENTS TO PRODUCERS OF CERTAIN ORES AND CONCENTRATES

Mr. MURRAY. Mr. President, by request, I introduce, for appropriate reference, the administration's bill which calls for stabilization payments to domestic producers of copper, lead-zinc, acid-grade fluorspar, and tungsten. I ask unanimous consent that the letter of transmittal from the Secretary of the Interior, Mr. Seaton, which explains the provisions of the bill, and the bill itself, be printed at this point in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 3892) to stabilize production of copper, lead, zinc, acid-grade fluorspar and tungsten from domestic mines by providing for stabilization payments to producers of ores or concentrates of these commodities, introduced by Mr. MURRAY (by request), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the Domestic Minerals Stabilization Act of 1958.

SEC. 2. (A) The Secretary of the Interior shall provide for stabilization payments to producers of ores or concentrates of copper, lead, zinc, acid-grade fluorspar (fluorspar containing 97 percent calcium fluoride on a dry weight basis), and tungsten trioxide produced from domestic mines as follows:

(1) Upon presentation of evidence satisfactory to him of a sale of newly-mined ores, or concentrates produced therefrom of copper, lead, zinc, acid-grade fluorspar, and tungsten, the producer of such ores or concentrates shall be paid (if the market price of the material produced therefrom at the time of the sale was less than the stabilization price set forth hereinafter) an amount which shall not exceed the difference between the amount actually received by the producer from the sale and an amount, as determined by the Secretary, which the producer would have received for such ores and concentrates had the market price of the material produced therefrom at the time of sale been equal to the stabilization price as shown in the following schedule:

MATERIAL—STABILIZATION PRICE

Copper (electrolytic), 27½ cents per pound delivered Connecticut Valley.

Lead (common), 14¾ cents per pound, New York, N. Y.

Zinc (prime western), 12¾ cents per pound, East St. Louis, Ill.

taxes of corporations with various incomes be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

amendment printed in the RECORD at this point.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table; and, without objection, the explanatory statement will be printed in the RECORD.

The explanatory statement presented by Mr. DOUGLAS is as follows:

EXPLANATORY STATEMENT—AMENDMENT TO H. R. 12065 PROVIDING TEMPORARY FINANCIAL ASSISTANCE TO NEEDY UNEMPLOYED INDIVIDUALS

The proposed amendment would provide for the appropriation of moneys from which grants would be made to States which enter into agreements with the Secretary of Health, Education, and Welfare to use such grants for the purpose of extending temporary financial assistance to needy individuals within such States who are (1) unemployed and are actively seeking employment, (2) are willing and able to work, (3) are not entitled to assistance under the public assistance programs provided for by titles I, IV, X, and XIV of the Social Security Act, and (4) are citizens of the United States.

Any such agreement would terminate on June 30, 1959 and would contain certain standards which would govern the States in the disposition of the grants received by them under this amendment.

In determining the need of any individual for assistance under the provisions of the amendment, there would be taken into consideration the obligations of such individual to support his dependents. No individual who is under 21 years of age would be eligible to receive assistance under the provisions of the amendment unless he is married or is the head of a household, as defined in the Internal Revenue Code. Married women who are being supported by their husbands and divorced women who are receiving alimony payments would not be eligible to receive benefits under the amendment. The maximum amount that any individual could receive as benefits under the amendment would be \$100 per month. Individuals would not be required to permit their property to be subjected to liens as a condition of eligibility for benefits under the amendment, nor would individuals be required to repay any benefits properly received by them.

The Secretary of Health, Education, and Welfare would not be permitted to enter into an agreement with any State which, after the date of enactment of the proposed amendment, deliberalized its State unemployment compensation law with respect to duration or amount of benefits or with respect to eligibility requirements. In case any State so deliberalizes its State unemployment compensation law after an agreement is entered into, the Secretary would withhold any further payments to such State.

Federal funds would be provided for the full amount of the payments up to an average of \$30 per month per recipient. Assistance would be available to every individual residing in any State which had concluded an agreement under the amendment.

The assistance provided by the amendment would be provided by State agencies, normally the same agencies which administer State public assistance programs established pursuant to titles I, IV, X, and XIV of the Social Security Act. To the extent to which they would be applicable to a temporary emergency program of the type provided by the amendment, the criteria and standards provided for agreements by such titles are made applicable to agreements made pursuant to the amendment.

On the assumption that an average of 1 million unemployed persons would receive an average of \$30 monthly in benefits under

Effect of a normal tax rate of 22 percent and a surtax rate of 30 percent

Income subject to normal tax and surtax	Present tax liability (normal rate 30 percent, surtax rate 22 percent)	Proposed tax liability (normal rate 22 percent, surtax rate 30 percent)	Change	
			Amount	Percent
\$5,000.....	\$1,500	\$1,100	—\$400	—26.7
\$10,000.....	3,000	2,200	—800	—26.7
\$15,000.....	4,500	3,300	—1,200	—26.7
\$20,000.....	6,000	4,400	—1,600	—26.7
\$25,000.....	7,500	5,500	—2,000	—26.7
\$50,000.....	20,500	18,500	—2,000	—9.8
\$100,000.....	46,500	44,500	—2,000	—4.3
\$225,000.....	111,500	109,500	—2,000	—1.8
\$500,000.....	254,500	252,500	—2,000	—0.8
\$1,000,000.....	514,500	512,500	—2,000	—0.4
\$10,000,000.....	5,194,500	5,192,500	—2,000	—0.04
\$100,000,000.....	51,994,500	51,992,500	—2,000	—0.004

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the amendment may be printed in the RECORD at this point.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the proper place insert the following new section:

"SEC. . Adjustment of corporate normal tax and surtax rates.

"(a) Corporate normal tax rate: Section 11 (b) (relating to rate of corporate normal tax) is amended to read as follows:

"(b) Normal tax: The normal tax is equal to 22 percent of the taxable income."

"(b) Corporate surtax rate: Section 11 (c) (relating to rate of corporate surtax) is amended to read as follows:

"(c) Surtax:

"(1) Taxable years beginning before July 1, 1959: In the case of a taxable year beginning before July 1, 1959, the surtax is equal to 30 percent of the amount by which the taxable income (computed without regard to the deduction, if any), provided in section 242 for partially tax-exempt interest) exceeds \$25,000.

"(2) Taxable years beginning after June 30, 1959: In the case of a taxable year beginning after June 30, 1959, the surtax is equal to 25 percent of the amount by which the taxable income (computed without regard to the deduction, if any, provided in section 242 for partially tax-exempt interest) exceeds \$25,000."

"(c) Certain mutual insurance companies:

"(1) Normal tax rate: Section 821 (a) (1) (A) (relating to rate of normal tax on certain mutual insurance companies) is amended to read as follows:

"(A) Normal tax: A normal tax of 22 percent of the mutual insurance company taxable income, or 44 percent of the amount by which such taxable income exceeds \$3,000, whichever is the lesser; plus."

"(2) Surtax rate: Section 821 (a) (1) (B) (relating to rate of surtax on certain mutual insurance companies) is amended to read as follows:

"(B) Surtax:

"(1) Taxable years beginning before July 1, 1959: In the case of taxable years beginning before July 1, 1959, a surtax of 30 percent of the mutual insurance company taxable income (computed without regard to the deduction provided in section 242 for partially tax-exempt interest) in excess of \$25,000;

"(11) Taxable years beginning after June 30, 1959: In the case of taxable years be-

ginning after June 30, 1959, a surtax of 25 percent of the mutual insurance company taxable income (computed without regard to the deduction provided in section 242 for partially tax-exempt interest) in excess of \$25,000."

"(d) Interinsurers and reciprocal underwrites:

"(1) Normal tax rate: Section 821 (b) (1) (relating to rate of normal tax on certain interinsurers and reciprocal underwriters) is amended to read as follows:

"(1) Normal tax: A normal tax of 22 percent of the mutual insurance company taxable income, or 44 percent of the amount by which such taxable income exceeds \$50,000, whichever is the lesser; plus."

"(2) Surtax rate: Section 821 (b) (2) (relating to rate of surtax on certain interinsurers and reciprocal underwriters) is amended to read as follows:

"(2) Surtax:

"(A) Taxable years beginning before July 1, 1959: In the case of taxable years beginning before July 1, 1959, a surtax of 30 percent of the mutual insurance company taxable income (computed as provided in subsection (a) (1)) in excess of \$25,000, or 45 percent of the amount by which such taxable income exceeds \$50,000, whichever is the lesser;

"(B) Taxable years beginning after June 30, 1959: In the case of taxable years beginning after June 30, 1959, a surtax of 25 percent of the mutual insurance company taxable income (computed as provided in subsection (a) (1)) in excess of \$25,000, or 37.5 percent of the amount by which such taxable income exceeds \$50,000, whichever is the lesser."

"(e) Effective date: The amendments made by this section shall apply with respect to taxable years beginning after June 30, 1958."

Mr. CURTIS submitted an amendment, intended to be proposed by him, to House bill 8381, supra, which was referred to the Committee on Finance, and ordered to be printed.

TEMPORARY ADDITIONAL UNEMPLOYMENT COMPENSATION—AMENDMENT

Mr. DOUGLAS. Mr. President, I submit an amendment which I intend to offer to the bill (H. R. 12065) providing temporary financial assistance to needy unemployed individuals, when that bill comes before this body for consideration. I ask that the amendment be printed.

I ask unanimous consent to have an explanatory statement dealing with the

the amendment, the cost to the Federal Government would be \$360 million.

Mr. KENNEDY (for himself and Mr. DOUGLAS) submitted amendments, intended to be proposed by them, jointly, to House bill 12065, *supra*, which were ordered to lie on the table, and to be printed.

Mr. KENNEDY submitted an amendment, intended to be proposed by him, to House bill 12065, *supra*, which was ordered to lie on the table, and to be printed.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. PROXMIER. Mr. President, I submit three amendments intended to be proposed by me to the bill (H. R. 12181), the Mutual Security Act, and ask that they be printed and lie on the table, so that I may call them up at the proper time. They would bar foreign aid of any kind to the Governments of Yugoslavia, the Dominican Republic, and Saudi Arabia.

The amendments are a direct fulfillment of a campaign pledge I made less than a year ago when I was a candidate for the United States Senate in a special election in Wisconsin. I do not believe that conditions have changed sufficiently since then to justify my not living up to that pledge.

I have offered the amendments, recognizing the formidable opposition they will arouse. I accept the general proposition that leadership in the field of foreign affairs should come from the Executive. I deeply appreciate the great competence and patriotism of the Committee on Foreign Relations.

I recognize, moreover, that there are sometimes overriding considerations of national interest which make it necessary to give assistance to a dictatorship. But those considerations should be clear and explicit. They should be subject to frequent reexamination. Moreover, they should be formulated on criteria and based on principle. That is what I have tried to do in the long and earnest consideration of foreign aid to dictatorships, which has led me to believe that such aid should not be extended to the governments of these three nations.

I believe we can justify giving foreign aid to dictatorships only if our aid meets 1 of these 4 requirements:

First. Our aid must serve to bulwark the free world against the threat of Communist invasion or subversion.

Second. Our aid should not serve to entrench governments which are destructive of human rights and dignity.

Third. Our aid should encourage the people of the recipient nation to secure eventually freedom from dictatorial domination.

Fourth. Our aid should clearly improve the prospects of achieving a peaceful world.

In Yugoslavia, we are not fighting communism by giving aid to the brutal dictatorship of Marshal Tito. In the Dominican Republic and Saudi Arabia, our aid money is going to the personal use of ruthless, discredited dictatorships

whose governments do not serve as an effective bulwark against communism.

The question of aid to Tito presents special problems. I recognize that a strong case can be made for it.

It is said, with truth, that an independent Yugoslavia, offering a "different road to socialism," is a real source of annoyance to the Soviet Union. Stalin found it to be an unbearable irritant, and Khrushchev is finding it hard to live with, too. Since Tito plays his own free-wheeling game, it is sometimes hard to tell just how genuine his independence is; but it is true that he frequently votes against the U. S. S. R. in the United Nations, and any measure of independence is a nuisance to the masters of the Kremlin.

I am also aware that Communist policies in Yugoslavia have been somewhat relaxed. Collective farms have not succeeded, and much of the farming now is private. Many people, I understand, are now attending religious services. The goals of the regime, I think it is safe to say, have not changed, but the pace has slowed down. The people are allowed a little more breathing space in the stultifying atmosphere of communism.

It is true also that the technical assistance in the act will help the people of Yugoslavia. It will be used to improve public health, public administration, agricultural methods and products, and to provide other services to the people. At the same time, to the extent that the assistance makes life better in Yugoslavia, it tends to serve as a prop to the Communist regime.

It seems to me that the arguments against assistance to Yugoslavia are stronger and more persuasive. For one thing, it is a matter of using the money of American taxpayers to support a Communist dictator. This certainly is contradictory to our anti-Communist foreign policy. Tito's regime is a Communist regime. Tito is going the same way, even though he claims to be taking a different road. This Communist dictator has viciously destroyed human rights. He had jailed, tortured, and executed political opponents. If it is true that he votes against the Soviet bloc in the United Nations, it is also true that he frequently stands with them. If there should be war, I do not believe anybody could seriously suggest that Tito would not side with the Soviet Union.

I have very real doubts that Tito wants American assistance. It was Tito himself who put an end to American military assistance, after we had sent him more than a billion dollars worth of military equipment between 1950 and 1956. On December 6, 1957, Tito informed James W. Riddleberger, American Ambassador to Belgrade, that he wanted no more American military aid. I think that the reason he gave is very significant. According to the New York Times account:

Marshal Tito was said to have replied (to Ambassador Riddleberger) that if the program were a constant nuisance to the State Department before Congress, the administration's reappraisals and public justifications for the program also were a constant irritant to his relations with the Soviet bloc.

That statement is significant for two things. First, it shows Tito's impatience with the processes of a democratic society, which are necessarily open and subject to review. Secondly, it shows his concern with his relations with the Soviet bloc, which I submit were more important to him than a billion dollars worth of military aid or the opinion of the freedom bloc in the world.

On balance, it is my opinion that the burden of assistance to Yugoslavia, as well as that of assistance to the personal dictatorships of the Dominican Republic and Saudi Arabia, is a burden our taxpayers ought not to be called upon to bear.

The VICE PRESIDENT. The amendments will be received, printed, and will lie on the table.

DISTRIBUTION OF AUTOMOBILES IN INTERSTATE COMMERCE—ADDITIONAL COSPONSORS OF BILL

Under authority of the Senate of May 21, 1958, the names of Senators MURRAY, YOUNG, MANSFIELD, BARRETT, SMITH of Maine, JENNER, PAYNE, IVES, LANGER, and HRUSKA were added as additional cosponsors of the bill (S. 3865) relative to the distribution of automobiles in interstate commerce, introduced by Mr. POTTER (for himself and Mr. HOBLITZELL) on May 21, 1958.

TECHNICAL CHANGES IN FEDERAL EXCISE TAX LAWS—ADDITIONAL COSPONSOR OF AMENDMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the name of the Senator from Wyoming [Mr. O'MAHONEY] be added as an additional cosponsor of amendment A, intended to be proposed by the Senator from Washington [Mr. MAGNUSON] for himself and other Senators, to the bill, H. R. 7125, to make technical changes in the Federal excise tax laws, and for other purposes.

This is the amendment which proposes the repeal of the tax on the transportation of persons and property.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. WILEY:

Address delivered by Earl Warren, Chief Justice of the United States, at the annual meeting of the American Law Institute, May 21, 1958.

By Mr. THURMOND:

Address entitled "Liberty Under Law," delivered by Mr. Robert McC. Figg, Jr., of Charleston, S. C., at the annual convention of the South Carolina Bar Association on May 1, 1958.

By Mr. GOLDWATER:

Address entitled "Politics: The Businessman's Biggest Job in 1958," delivered by L. R. Boulware, vice president of the General Elec-

making it possible to move one step closer to final passage of the bill.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BIBLE. I yield.

Mr. CARLSON. It has been interesting to hear the discussion and the recommendation that a new bridge be built across the Potomac River. My memory goes back to 1935, which was the first year I became a Member of the House of Representatives. There was then a 4-lane bridge across the Anacostia River, which was later replaced by the Philip Sousa Bridge. There was the Arlington Memorial Bridge, one other bridge across the Potomac at 14th Street, and the so-called Key Bridge. Since that time there have been built the new East Capitol Street Bridge, the South Capitol Street Bridge, another bridge at 14th Street, and now it is proposed to build this new bridge. I think we are making great progress. I am happy that is so. It shows the growth of the Nation's Capital. I think the distinguished chairman of the committee is to be commended for bringing before the Senate a proposal for the construction of another bridge across the Potomac River.

Mr. BIBLE. I thank the Senator. I hope the bridge will soon be in the process of construction.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

RETIREMENT OF PROF. WILLIAM STERNBERG, OF CREIGHTON UNIVERSITY

Mr. HRUSKA. Mr. President, on May 8, my alma mater, Creighton University, bid goodbye to another "Mr. Chips"—Prof. William Sternberg, who, for 40 years, taught in its college of law. The occasion was a testimonial dinner honoring a very rare and beloved personality and marking his retirement after a long, useful, and inspiring teaching career.

Present on that occasion were former students, members of the faculty, and officers of the university. There were many expressions of gratitude and respect for Professor Sternberg, both from the rostrum and in the informal talk among those present. One of the typical expressions heard during the evening was the reference to the patient and precise lips of this wonderful teacher. It was commonly agreed that he had the rare quality of thorough knowledge of his subjects, plus the ability to transmit this knowledge clearly and effectively. To this I heartily subscribe on the basis of personal experience in his classes, over a quarter of a century ago.

There was presented to Professor Sternberg a bound volume containing 400 letters from former students, many of them now located in all parts of the United States, far removed from Omaha and Nebraska.

Much emphasis is placed these days upon proper teaching and the advancement of education. While the Nation

may have some inadequacies in this respect, it also has a great many assets. One of these assets is composed of the careers and the activities of teachers like Professor Sternberg. This was brought out by the tribute paid him in the remarks of James A. Doyle, dean of the Creighton University School of Law.

Mr. President, I ask unanimous consent that his remarks be printed in the CONGRESSIONAL RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

A TRIBUTE TO PROF. WILLIAM STERNBERG DELIVERED ON THE OCCASION OF HIS RETIREMENT FROM THE CREIGHTON UNIVERSITY SCHOOL OF LAW BY DEAN JAMES A. DOYLE

Mr. Toastmaster; very reverend president, Father Reinert; Professor and Mrs. Sternberg, distinguished guests, ladies, and gentlemen, I am very pleased to have this part in a program in which we pause briefly in our busy lives to recognize and pay tribute to the unselfish and devoted public service of a fine citizen and a great teacher, Prof. William Sternberg. It is, indeed, a significant occasion. I sense that you feel that it is. Your enthusiastic and prompt response to the invitation to gather in this fashion is indicative of your warm regard, and deep respect for, and sense of indebtedness to our honored guest.

As dean of the law school I have been conscious of the great affection, respect, and esteem he has inspired in the hundreds of students who have passed through our classrooms on into active lives in our profession. It has been a heart-warming experience.

Professor Sternberg first came to the faculty of the Creighton Law School in 1917 as a part-time instructor in law. He has served continuously since 1920 as a full-time professor of law. He has taught, not without sacrifice, I am sure, for 3 years beyond the date of his eligibility for retirement. And a year ago it took considerable persuasion on my part to induce him to remain with us in an active capacity for another school year. He finally agreed, but with understandable reluctance. As a result, another group of 50 young men has had the unforgettable experience of sitting in his classes and benefiting from close association with a true scholar and a Christian gentleman.

How does one proceed to evaluate the worth of 40 years of devoted teaching? Some tangible evidence lies in his years of patient dedicated scholarship and instruction; the meticulous training, year after year, of students in the art of case analysis, of problem solving, and the other techniques of lawyers. But we do not honor him because of a methodical adherence to such routine over a long span of time. To assay his contributions to the legal profession, to Creighton, and to this community in such quantitative terms is not the purpose which brought us together.

We are here because of the richness of his contributions to his profession, and to legal education specifically, and also to this community, in terms of the intangible influence for good he has had on the lives of so many. Such tests as these provide a measure of the true success of a man. Professor Sternberg has measured up to the classical ideal of what a university professor should be. In the conduct of his work he has been firm in his adherence to the first principles of right living and steadfast in his professional ideals. It matters not so much what he taught, whether it be contracts, partnership, or property, in all of which he was acknowledged expert, but in the subtle sure influence of a fine mind, firmly based in Christian precepts, on the true values of life. The real worth of a course in any college has to be

measured, not in terms of its content but by the character and influence of the man who presents it. When students had a choice, they chose Sternberg. What was law school at Creighton without at least one opportunity to sit in his classes. The intangibles I have mentioned, the ideals of highest ethical conduct, the principles of Christian living, the habits of industry, self-discipline, and critical thinking inculcated through the medium of a law course, a course which might be humdrum in the hands of anyone else, sets apart the real teacher. Professor Sternberg's contribution to legal education and to society is rich, expressed in these terms. I know that many of you here tonight can attest to the honest values you received as students, privileged by the opportunity to attend the classes. And Creighton University is reflected through the influence of men like him. It is trite but, nonetheless, true to say that prestige of any university is, in the last analysis, based upon the equality of its teachers.

From what I have said it should be apparent that Professor Sternberg's interests have not been confined to some narrow segment of the law—how to make a binding contract, form a partnership, or handle a problem in conveyancing. He has been interested in law as a science and in the underlying jurisprudential basis of all law. In this area he has written on such topics as the Origin of Human Rights and Natural Law in American Jurisprudence. What is the origin and basis of all law has been an abiding interest. And in his classes he sought to interpret the law in the light of the moral approach that should guide every lawyer in the handling of his client's problems.

In addition to law his interests have embraced a wide range of cultural and political subjects—international relations, political science, music, literature, and religion. You may be amazed, as I was, to discover early lectures by him on such subjects as Goethe and Schiller, the characteristics of their lyric and dramatic poetry; the cultural value of music; Mozart, the musician par excellence; the classic period of German literature, as well as many others. In the art of expression, Professor Sternberg is an orator without peer. And the list of the addresses and lectures he has given on a wide array of legal, political and cultural subjects evidence a valuable contribution to the cultural life of this community. How, then, I repeat, can we truly weigh the contribution this quiet, humble, dedicated teacher has made to his profession, to the university he loves, and to the community in which he lives? I trust that the inadequacy of the resources of any university to compensate men like him is made up to him in part by the satisfaction that flows from service to his fellow men, and in the knowledge that in our hearts we acknowledge a great debt to him.

It has been my privilege to be dean of the law school during these last 10 years. I cherish the example he has set for all of us as a good teacher, a devout Christian, a modest gentleman and an educated man. He has brought to the faculty not simply technical competence in law, but real wisdom, a keen sense of duty, and complete devotion to his work. His position will not be completely filled for a long time, if ever. I am sure that all of you join with me in saluting him and praying that he may enjoy many years of happiness in our midst.

FUNDS FOR CAPITAL IMPROVEMENT PROGRAMS IN THE DISTRICT OF COLUMBIA

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate

proceed to the consideration of Calendar 1653, H. R. 12377.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 12377) to authorize the Commissioners of the District of Columbia to borrow funds for capital improvement programs and to amend provisions of law relating to Federal Government participation in meeting costs of maintaining the Nation's Capital City.

Mr. BIBLE. Mr. President—

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BIBLE. I yield to the Senator from Kansas.

Mr. CARLSON. May I inquire if H. R. 12377 was unanimously reported by the committee?

Mr. BIBLE. This particular bill was unanimously reported by the District of Columbia Committee.

Mr. CARLSON. I have no objection.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

There being no objection, the Senate proceeding to consider the bill.

Mr. BIBLE. Mr. President, the purpose of this bill is to authorize a program of construction to meet capital needs of the government of the District of Columbia. This program includes projects relating to education, health, welfare, public safety, recreation, and other general government activities. This proposal is a reevaluation of the public-works program enacted by the Congress in 1954.

Two methods are provided to assist the District in financing the program. The first section of the bill authorizes loans to be made to the District by the United States Treasury in amounts not exceeding \$75 million, such loans to bear interest at rates which are equivalent to the cost of money to the Treasury. The loans are to be repaid over a 30-year period, beginning with the second fiscal year after the loans are received by the District. Expenditures of funds raised by such loans would be authorized on an appropriation basis from year to year.

The second section of the bill would amend the District of Columbia Revenue Act of 1947 so that the annual payment by the Federal Government toward the expenses of the government of the District of Columbia would be increased by \$9 million from the present authorization of \$23 million, payable to the general fund. The existing provision of law that \$7 million of the Federal payment must be used only for capital outlay and must be matched by revenues from the general fund would be left unchanged by the bill.

Mr. President, the proposal before the Senate today resulted from a series of hearings held by the Subcommittee on Fiscal Affairs of the Senate District Committee, together with the Fiscal Affairs Subcommittee of the House of Representatives. This was the subcommittee so ably presided over by the distinguished Senator from Delaware [Mr. FREAR]. The Senator from Delaware was very faithful in attendance at the meetings, and contributed no end toward the

progress of the bill to its present state before the Senate today.

In addition to the hearings, the Subcommittee on Fiscal Affairs held several executive sessions. After a detailed discussion and consideration of the measure, I am happy to state the bill was reported to the Senate, as I have assured the Senator from Kansas [Mr. CARLSON], without a dissenting vote either in the subcommittee or in the full committee.

I should like to point out, Mr. President, that the \$75 million of borrowing authorized by the bill is not the figure requested by the Commissioners. The Commissioners requested borrowing authority in the amount of \$100 million. It was necessary to give careful and deliberate weight to the views of our colleagues in arriving at a decision as to the final amount. That we did, in a constructive fashion, which is best exemplified by one item in the original request which was deleted by both the House committee and the Senate committee. The particular item to which I refer was the replacement of the District Building at a cost of some \$17,550,000. Some of our friends felt—and in my judgment they were absolutely right—that this particular expenditure could not be justified at the present time. It did not seem to us to be economically wise to destroy a soundly constructed building, which has many years of useful life ahead, when we are facing present difficulties in the raising of money sufficient to build needed schools.

However, in reaching the decision that the particular building ought not be replaced at the present time, we are mindful of the fact that needed repairs and improvements are necessary, and a line item of \$1 million was provided for such purposes.

In those instances when we felt the Commissioners had, either in their original presentations or in their supplementary statements, made out a good case, we allowed the estimates. In those instances in which, in our judgment, they did not make out a good case, we imposed limitations. Some of the committee members, for instance, felt that the school population projections might be somewhat higher than the facts of the situation would show to be true some 6 or 8 years in the future. On this basis we made a general \$8 million cut in the school construction program, on the theory that after 4 years, if it were found that the school population projections were accurate, the way would still be open for the Board of Education to request the restoration of the required amount. We knew the building program would be scheduled over the next 6 years, and each year the amount to be borrowed would be given review by the Appropriations Committees. Therefore, we felt our action would not harm the school program, and might well save the District and the Treasury the cost of unnecessary capital outlay.

In this instance, as in the case of the District Building, we provided an additional \$4½ million for major repairs and improvements to the existing structures.

All in all, Mr. President, it seems to me the pending bill, which has met the test

of careful and detailed study by the joint committee, is worthwhile. To me, this illustrates one of the areas in which a joint committee can work most effectively.

In our best judgment the proposed legislation is sound, and deserves affirmative Senate action. I hope for and I urge prompt approval.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

COMPLETION OF INTER-AMERICAN HIGHWAY

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1650, H. R. 7870.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 7870) to amend the act of July 1, 1955, to authorize an additional \$10 million for the completion of the Inter-American Highway.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7870) to amend the act of July 1, 1955, to authorize an additional \$10 million for the completion of the Inter-American Highway.

Mr. CHAVEZ. Mr. President, H. R. 7870 passed the House of Representatives on March 13, 1958, the Committee on Public Works has reported the House bill as it was passed by that body, and we trust that it will now be passed. The bill provides for the completion of the Inter-American Highway from the United States border in northern Mexico all the way to Panama, so that one can travel on a paved highway from the United States to Panama City. That is all the bill provides.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

PERSONAL STATEMENT REGARDING THE MUTUAL SECURITY BILL

Mr. MORSE. Mr. President, I desire to refer briefly to a personal matter. I see that at the moment the Senator from Louisiana [Mr. LONG] has left the floor; but I told him that today I would make this statement on the floor of the Senate.

Last week the Senator from Louisiana was ill and in the hospital. All of us were very sorry about that. Today we are very happy to see him again in the Senate, and very much his old self, with his usual vigor and vitality.

While he was in the hospital, I exercised his proxy in the Foreign Relations Committee, in respect to various amend-

ments which proposed the making of cuts in the mutual security bill.

Let me say that I am glad to see that the Senator from Louisiana has just reentered the Chamber.

In the committee we were successful in the case of one of the proposed cuts. After that amendment was agreed to, there was a record vote of the members of the committee on the question of reporting the bill to the Senate; and every member of the committee except the Senator from Louisiana was to be recorded in that connection. Therefore, I exercised the judgment which I thought the premises called for, in view of the fact that we had been successful in having the amendment agreed to. So I voted his proxy in favor of reporting the bill to the Senate.

But I wish to make very clear that although the committee has voted to report the bill to the Senate, it does not necessarily follow that the Senator from Louisiana, any more than the Senator from Oregon, agrees with every part of the mutual security bill. In fact, this afternoon I am filing my objections to certain parts of the mutual security bill; and, as a member of the Foreign Relations Committee, I shall submit amendments of my own on the floor of the Senate.

I make this statement to the Presiding Officer (Mr. PROXMIRE in the chair) in particular, because he has just submitted some amendments, and has done so on the basis of a principle with which I agree, namely, that a showing must be made in connection with the criteria the Senator from Wisconsin has laid down.

I think the criteria of the Senator from Wisconsin are sound; and in my judgment a showing must be made to justify spending even \$1 of the taxpayers' money in support of a dictator anywhere in the world.

As my colleagues know, one of my objections to the mutual security bill is based on my belief that the bill does not sufficiently pinpoint what, in fact, should be congressional objections to sending money to support dictators in South America.

Although one of the amendments was agreed to by the committee—and I was glad to see at least that one amendment agreed to—in my judgment the bill is not yet sufficiently strong.

However, in fairness to the Senator from Louisiana, I thought I should make this statement, because he also has objections to the bill. Let me say that I exercised his proxy under the conditions which I have just explained to the Senate. The RECORD should show that the Senator from Louisiana was willing to have the bill reported to the Senate, but that does not mean that he likes all aspects of the bill. In fact, I understand that he does not like many of them.

Therefore, I make this explanation, because if any person in Louisiana were to interpret my exercise of his proxy as an indication that the Senator from Louisiana favors all features of the bill, I wish to state that my exercise of his proxy does not mean that he supports the bill in toto.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. MANSFIELD. As I recall, the Senator from Oregon, at the suggestion of other members of the committee, went into an anteroom and telephoned the Senator from Louisiana at the hospital at Bethesda, to inquire how his vote should be recorded on the question of marking up the bill.

Mr. MORSE. That is correct.

I also wish to make clear that in my conversation with the Senator from Louisiana, I did not receive the specific instructions I wish I had obtained in regard to how to exercise his proxy on the question of the final vote in the committee. But I am satisfied that when I did vote his proxy in the way I have stated, I voted in accordance with his wish to have the bill come to the floor of the Senate.

I understand that the Senator from Louisiana wishes to have the bill come before the Senate, but that when it is brought up on the floor, he intends to submit some amendments to it.

Mr. LONG. Mr. President, I thank the Senator from Oregon for voting my proxy in favor of the amendment which was submitted in the committee.

However, I wish to make clear that I shall not be in support of the bill on the question of its final passage, unless I hear some arguments in addition to the ones I have already heard during the past 8 years in favor of this program.

Mr. BIBLE. Mr. President, let me join the Senator from Oregon in welcoming the distinguished Senator from Louisiana [Mr. LONG] back to the floor.

THE IMPORTANCE OF ACTION ON THE MUTUAL SECURITY ACT OF 1958—ADDRESS BY SENATOR WILEY

Mr. WILEY. Mr. President, on this very day the Senate Committee on Foreign Relations is reporting the vital Mutual Security Act of 1958. This important bill will be coming up for action in the Senate very shortly. In my judgment, favorable action on it is indispensable in the national interest, and in the interest of the free world.

If the Senate shall pass it, it will provide the sort of constructive headline which will be the best answer to the disturbing headlines which we see based upon news dispatches from so many parts of the world.

As we watch disturbing developments in France, in Algeria, in Indonesia, in South America, there is often a feeling, "If only we could do something—without interfering—which would help meet these challenges to the free world."

There is something we can definitely do. It is not an act of interference; it is the enlightened act of the leading nation of the free world, the partner of the free world. It is an act for aid, but more important, it is an act of great psychological significance, for we can help pour much-needed oil on troubled waters by passage of the bill which is being reported today.

DO NOT EMASCULATE MUTUAL SECURITY ACT

I am confident that this bill will be enacted substantially in its present form, thanks to wise bipartisan or, better still, nonpartisan accord.

If, however, we were to make the mistake of changing it substantially by harmful amendment, if we were to emasculate it, instead of pouring oil on troubled waters, we would instead be pouring oil and then lighting a match to the oil.

I am certain that we will do no such thing.

Year after year, the Congress of the United States has risen with statesmanship to the challenge of mutual security before it.

Year after year, we have demonstrated our increasing understanding of the facts of the atomic age; the shrunken world in which jets will soon be crossing the Atlantic in 6 hours and in which missiles will soon be capable of being fired over the roof of the world in less than 30 minutes.

Last Saturday, it was my privilege to address the convention of the Republican Party of my State. At that time I pointed out the facts of the atomic age as they affect Wisconsin and America.

On Sunday, by taped transcription, it was my privilege to deliver a broadcast over station WIND, Chicago. At that time I stated that the Mutual Security Act is the best antidote to the anti-American demonstrations which have occurred in several areas of the world.

I ask unanimous consent that the text of my address over Station WIND be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"ANTI-AMERICAN DEMONSTRATIONS CALL FOR REDEDICATION TO CAUSE OF LIBERTY AND FREEDOM," SAYS SENATOR WILEY—CITES MUTUAL SECURITY AS CONSTRUCTIVE REMEDY FOR WORLD TURMOIL

My friends, it is a great pleasure for me to participate in this series of congressional review broadcasts. I appreciate the opportunity afforded me by station WIND to join you and discuss current congressional activities. As you know, this session of Congress may well be one of the most important in recent years. The problems we are discussing are of vital importance to every citizen of our Nation. America is in a struggle for her very survival. In this battle we are not alone. The entire free world is threatened with destruction. We are faced by an opposing philosophy which has as its announced purpose the overthrow and annihilation of democratic systems of government, both here in the United States, and in other nations where liberty is cherished. It is our responsibility to counteract this threat with a constructive program which will make America more secure, and which will insure the rights and privileges of freedom-loving people throughout the world. This is the job which is facing America today. This is what Congress is striving to do in the current session.

Question. Senator WILEY, in recent weeks we have seen many outbursts of anti-Americanism in widespread areas of the world. What has been the reaction in Congress to these incidents?

Answer. We are all, of course, highly concerned about incidents of antidemocratic feeling during the past few months. We

realize that some of these demonstrations are definitely Communist inspired and directed. However, we must not be too quick to put all the blame on communism's doorstep. For example, in Latin America, there is a deep, underlying resentment of American policy which goes back for many years. True, American policies toward Latin America have drastically changed in the past 25 years, but many people in this dynamic area still view us with suspicion and outright dislike.

Question. What about other areas of the world, Senator?

Answer. Recent events in the Middle East and in Africa have shown that there is widespread misunderstanding of American objectives. Almost all of the demonstrations of anti-American sentiment have been directed against our so-called imperialistic objectives. We know that nothing is further from the truth. However, regrettably, the Communist propagandists have convinced people in these underdeveloped areas that our objectives are to keep them in a state of destitution and misery. These are the lies which we must counteract. We can counteract them in part by a program of information and truth. However, the most constructive and effective means of spreading the truth to people in these areas is by a dynamic program of action which will further assist them to achieve their ultimate goals of independence and self-determination. These countries have long been "have-nots"—we have been a nation of the "haves." Resentment and bitterness are only natural human reactions to these conditions.

Question. What can the United States do to improve these relations, Senator WILEY?

Answer. First, we must realize that in the past 20 years our world has shrunk to a fraction of its former size, figuratively speaking. We are only a few minutes away from any spot on our globe. Therefore, our entire concept of America as a place remote from other nations must be changed.

Question. What else, Senator?

Answer. Even more important, we have reached a point in civilization where the so-called "have-nots" must not be permitted to exist as such in this world. In this modern day and age there is no reason for continuing poverty and misery in any area. We live in a world of plenty. We live in a world of education and science. It is imperative that all peoples in all areas of the world be enabled to take advantage of this new and dynamic concept of living. This means that we, who believe in true democracy and liberty, must rededicate ourselves to these principles. In doing this, we must develop a constructive new policy which will give a helping hand to these nations and peoples, in order that they may achieve their proper place in the family of free nations.

Question. What is being done to accomplish this objective, Senator?

Answer. One of the measures under discussion in Congress is directly aimed at improving conditions in underdeveloped areas of the world. In so doing, we will strengthen the security of America and the free world.

Question. What measure are you referring to, Senator?

Answer. I refer to the Mutual Security Act which will soon be discussed in the Senate.

Question. You stated that the Senate would soon be acting on this bill, Senator WILEY?

Answer. Yes. The House has already passed its version of the mutual security bill. During the past week, the Senate Foreign Relations Committee, of which I am a member, has been studying the House-passed measure, and making some suggestions which I believe strengthen the bill.

Question. Could you tell your listeners briefly just what the Mutual Security Act is?

Answer. Well; this bill provides for a program of economic, technical and military as-

sistance to other nations of the world. Under provisions of this act, we assist underdeveloped nations to improve their economic status. We instruct them in public health and sanitation. We establish schools and hospitals. We teach the peoples of these less fortunate areas more modern methods of farming, in order that they may produce more food from their soil.

Question. You said that this also provided military assistance, Senator WILEY?

Answer. Yes. In some instances we assist our allies in building up their military strength. With our help, more than 2½ million foreign allied troops—at relatively inexpensive cost—are now in the front lines against the threat of Communist world domination. If we stopped our aid program to these nations, they couldn't support even a fraction of that armed manpower. Thus our military assistance program enables our allies to maintain their military strength with their own troops. This relieves us of the necessity of having American troops in great force located throughout the world. This is why the Senate restored the \$160 million authorization in military aid funds which the House had deleted from the President's request.

Question. Senator, there has been a considerable amount of controversy on this bill. Can you give us the reason for this?

Answer. I would be glad to. I believe it is controversial only because it is widely misunderstood. We frequently hear this bill referred to as a giveaway of American taxpayers' dollars. This isn't the case at all. The mutual security program does not give anything away. This program is a sound investment in security for America and peace for the world. I quite frankly believe that had it not been for the existing mutual security program, we might have already had a great number of additional brushfire incidents, or even possibly the dreadful prospect of world war III.

Question. Does the mutual security program make cash grants to underdeveloped nations, Senator?

Answer. Only in a few instances. In most cases, the money appropriated for mutual security is spent in the United States. Latest estimates indicate that more than 80 percent of foreign-aid funds are spent in this country purchasing goods and services for use overseas. This means that mutual security funds give a boost to our own economy and create jobs in virtually every aspect of the American economy. According to estimates I have received from the State Department, more than 500,000 persons in the United States are employed as a direct result of the mutual-security program.

Question. Senator WILEY, during recent months, there have been many accusations of wasteful utilization of mutual security funds. Has anything been done to correct this?

Answer. By all means. The Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, and the International Cooperation Administration itself, all have conducted extensive investigations into each specific charge of waste. I am happy to report that almost all of the charges were found to be completely false. In the few isolated instances in which there was substance to the charges, conditions were corrected immediately. Naturally, we will continually watch for needless expense in this, and all other Government programs. The American taxpayers are carrying a tremendous burden of expense. It is our solemn responsibility to ascertain that every tax dollar is spent wisely on programs which will be of the greatest possible benefit to the United States.

Question. You feel that the mutual-security program accomplishes this objective, Senator WILEY?

Answer. I frankly believe that almost every dollar spent on mutual security has been a very wise investment in America's security and the safety of the free world. When nations in other parts of the world are strong economically, physically, and militarily, the danger of Communist infiltration is greatly reduced. When we assist other nations to assume their rightful place in the family of independent nations, we are contributing to the strength of the non-Communist world. As free and independent nations become stronger, the United States becomes more secure.

Question. Russia has greatly expanded her program of assistance to other nations, hasn't she, Senator WILEY?

Answer. Yes, indeed; she has. Russia has a rapidly growing program of aid to underdeveloped areas. She has combined her program with an aggressive trade expansion program. Only recently, Allen Dulles, Director of our Central Intelligence Agency stated that the greatest threat in the history of the United States is the economic offensive now being waged by Russia. You may remember, Premier Khrushchev announced to an American newspaper man recently that Russia declared war on the United States in the field of world trade and economics. This was no idle boast. We have already seen some results of this new, aggressive economic policy in Russia. She is making commitments for assistance to many countries in strategic areas of the globe, and furthermore, Russia is honoring these commitments. She is continually searching for new areas in which to begin her economic infiltration. We have seen Russia's economic offensive functioning in Asia—in the Mideast and in Africa. She is even now making overtures for a technical assistance program to Latin America. We cannot afford to allow Russia to get her foot in the door any farther than she already has.

America has been challenged. In all frankness, we cannot afford to ignore this challenge. Our survival as a nation depends on our awareness and recognition of the dangers which confronts us.

Question. When do you think the mutual security bill will be signed into law, Senator?

Answer. As I mentioned before, the Senate should act on the bill sometime late this week. Then the differences between the House and Senate versions will have to be resolved in conference. Following this, it will go to the White House for the President's signature. The bill we are now discussing is only the authorization bill. No funds are appropriated under this measure. A separate appropriation bill must be passed before the program will be in operation.

Question. Well, Senator WILEY, I see that our time is up. Have you any last minute message for your friends in the Chicago area?

Answer. Yes, I just want to say it has been a pleasure being with you tonight on this Congressional Review. I hope that some time in the future I will have the opportunity again to talk with you. Now, in conclusion, I wish to thank Station WIND once again for inviting me to participate in this broadcast. This is Senator ALEXANDER WILEY of Wisconsin bidding you all good night.

UTILIZATION OF ELECTRONIC BRAINS TO SPEED UNITED STATES RESEARCH

Mr. WILEY. Mr. President, observers have often stated that we are in the midst of four great revolutions in this 20th century.

(a) The first is a social revolution throughout the world. The "have-not" nations are seeking to raise their standards of living and to secure their place in the sun.

call, the title is "Breaking New Ground." In this book, which details his career in the protection of our natural resources, Pinchot points out the rather surprising fact that the great national forests and great national parks in the vast Western States were set aside, not through the advocacies and efforts of Senators from Western States, but by the championing of those who lived thousands of miles away from these scenic areas.

That frequently has been the case in this country for one particular reason: Quite often Senators or Representatives in the House of Representatives from a particular region are very often, and through no fault of their own, under heavy pressure from local economic interests who want to exploit those areas. They want to cut down all the timber. They want to graze off all the grass. They want to mine all the minerals. They want to pollute all the water. They want to use, as has been mentioned by the Senator from Illinois, bulldozers and construction equipment to create highways and subdivisions. Therefore, it is because Senators and Representatives are under local pressure that it sometimes becomes the duty of those from distant places to secure legislation to protect those areas, whether it be a great mountain upland in the West, or a scenic strip along the Great Lakes in the Middle West, for future generations.

I think the Senator from Illinois is speaking not only for his own State, whose people migrate to the dunes, but also for the people of Indiana, for this further reason: that on nearly every occasion when a national park or national monument has been established, the vast influx of tourists has greatly assisted the local area economically, as persons come into the area by the millions and use motels, hotels, fuel for their automobiles, buy trinkets and clothing, attend moving-picture theaters and plays, and avail themselves of all types of recreation and entertainment.

In addition, I think the Senator from Illinois will remember that only a few years ago, although neither he nor I comes from Utah or Colorado, we were active in trying to protect the great Dinosaur National Monument.

Mr. DOUGLAS. Which we succeeded in doing.

Mr. NEUBERGER. Which we succeeded in doing. We were attempting to protect it by opposing the building of a dam at Echo Park.

There have been other occasions when the Senator from Illinois, the senior Senator from Oregon, the junior Senator from Minnesota, and I have banded together to protect the great Clearwater River watershed in Idaho from invasion by dams which would threaten the migratory fish runs and elk herds.

These things have happened in the past, and they will happen again. I will say to the Senator from Illinois, this is the first time I have ever lived in the Eastern States. I am becoming increasingly mindful of the fact that there are few areas in these States where people can have genuine recreation in the outdoors. Only a week ago I went on the annual hike, under the auspices of Jus-

tice William O. Douglas, on the Chesapeake & Ohio Canal. I will add parenthetically, with some pride, I finished the 17-mile hike on my feet. I want the Senator from Illinois and my colleague from Oregon to know that.

I was impressed by the wisdom of Justice Douglas when he urged that this historic towpath, which dates from the era of George Washington, be set aside as a national park, so that people in the vicinity of our National Capital can see some of the original part of the Potomac Valley as it once was, before it is paved, desecrated, and exploited for all time.

In conclusion, let me say that I agree thoroughly with the senior Senator from Oregon that we ought to make every effort to have hearings held at an early date, since once these great realms of nature are desecrated an irreversible process has been set in force. One never can restore them to their natural state.

I am sure that if the bill lies on the desk, as the senior Senator from Oregon [Mr. MORSE] has suggested, there will be many cosponsors. I assure the Senator from Illinois, as a member of the Senate Committee on Interior and Insular Affairs, and further as a member of the Subcommittee on Public Lands, under the able chairmanship of the Senator from Wyoming [Mr. O'MAHONEY], I pledge to the Senator I shall do everything within my own limited efforts and influence to bring about passage of the bill.

Mr. DOUGLAS. I deeply appreciate the comments of the junior Senator from Oregon. I wish to thank him for his comments.

One of the things which endears both the senior Senator from Oregon and the junior Senator from Oregon to many of us is the fact that though they come from the great northwestern area and are undoubtedly subjected to many of the pressures described by the Senator from Oregon, I have never seen them yield to the pressures. They have consistently struggled to preserve in perpetuity the great natural areas of the West and of the country as a whole for the people of the Nation.

Mr. NEUBERGER. I want to tell the Senator from Illinois I think one reason we do this—and I feel certain the senior Senator from Oregon will agree with me—is that we are fortunate enough in Oregon to have wonderful conservation and outdoor organizations, which are led by outstanding people. These organizations have members who understand the importance of safeguarding our limited stores and supply of natural resources, and they give us great strength and encouragement through their effective counsel and advice.

Mr. DOUGLAS. No legislative body can rise higher than the people who send their representatives to it.

I may say, in connection with the remarks of the junior Senator from Oregon, that when I was a young man I was an assistant to, and a friend of, Gifford Pinchot, and I worked with him closely when he was Governor of Pennsylvania. It was a great experience. I learned much about conservation from Mr. Pin-

chot, and from Mrs. Pinchot, I may say, and what I learned has lasted all my life. It has been a source of great spiritual reinforcement to me.

Furthermore, as a boy I grew up in the Maine woods, and, therefore, the joy of the forest primeval has always been very real and very strong.

I thank both of my colleagues. I know the senior Senator from Oregon has been waiting for some time to deliver his speech.

Mr. MORSE. Mr. President, before I turn to the two subjects I intend to discuss briefly today I desire to say to my friend, the Senator from Illinois, that I have learned something new about him today. The Senator from Illinois is one of the richest men in the Senate in background. I do not know how I missed it, but this is the first time I knew of the Senator's early association with the great conservationist of our history, Gifford Pinchot. I think this experience explains a great deal, because each of us has been influenced to a large extent in his life by inspirational men and women. I think now I understand a little bit better the great record of the Senator from Illinois in the whole field of natural resources and conservation. Since the Senator has alluded to his association with Pinchot, I can well understand the fountain from which he has been drinking all these years with respect to the Nation's natural resources and their preservation.

Mr. President—

The PRESIDING OFFICER. The Senator from Oregon.

THE MUTUAL SECURITY ACT OF 1958

Mr. MORSE. Mr. President, I shall discuss in a few moments the problem of safety on the railroads of the country. Before I do so, however, I should like to make a brief comment on certain facets of foreign policy as they will be involved in the consideration of the mutual security bill, which will come before the Senate later this week. The Senator from Montana [Mr. MANSFIELD] discussed some phases of the problem earlier this afternoon.

I do not know whether from a parliamentary standpoint the request I shall make is necessary, but in order to make certain there is full protection of my interests, I wish to announce that I have permission to file later this afternoon my individual views with regard to the mutual security bill, which is to come before the Senate for consideration. It is my understanding that my individual views will be printed along with and as a part of the majority report.

In order to make certain that is true, Mr. President, if it is necessary, I now ask unanimous consent that my minority views be received by the Senate and be printed as a part of the report of the majority.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. MORSE. Mr. President, I am not going to outline my individual views with respect to the Mutual Security Act, other than to say I voted to report the

mutual security bill to the Senate. Because of the courteous consideration I received from all members of the Committee on Foreign Relations with respect to some of the modifications which I think the bill should contain, I thought it was appropriate for me to join in reporting the bill to the Senate. I made very clear in the committee that I would undoubtedly, in respect to some features of the bill, offer some amendments while the bill was under consideration by the Senate.

I believe, as I said earlier this afternoon, that is the position also taken by the Senator from Louisiana [Mr. LONG]. I think it will be found that other members of the Committee on Foreign Relations will take the same position.

I am making this statement today because it would be a great mistake, let me say for the benefit of members of the press gallery, if they were to give the impression to the American people that the mutual security bill comes to the floor of the Senate with the unanimous approval of the Foreign Relations Committee of the Senate. The so-called overwhelming vote in favor of reporting it does not mean that the same vote supports each section of the bill.

My position, as my individual views will show when they are printed, is that the committee should have gone further this year in trying to implement the recommendations of the special task committees which were appointed some 2 years ago to study the foreign aid program of the United States.

Those task force committees were selected from such great impartial institutions as the University of Chicago, Massachusetts Institute of Technology, Columbia University, Princeton University, the Brookings Institution, and several private research agencies. We spent, in round figures, \$240,000 of the taxpayers' money to have those reports made.

It is interesting to note that the Foreign Relations Committee of the Senate, sitting in the position of a special committee, unanimously endorsed the summary reports of the special task committees, including their recommendations. Yet, functioning as the Foreign Relations Committee, it once again—as it did last year—brings to the floor of the Senate a mutual security bill which fails to implement some of the major recommendations of our task committees.

As I point out in my individual views which will be filed along with the committee report, I recognize that time is required to make progress. In all fairness, I must say that we are making some progress in the Foreign Relations Committee in respect to approaching some of the recommendations of the task committees. I suppose my difference with some of my colleagues is that I believe in moving a little faster. I do not believe we have much time available to us to repair some of the crevices which are developing in the structure of American foreign policy.

The four able speeches—I prefer to call them sound academic lectures—of the Senator from Montana [Mr. MANS-

FIELD] in recent days in the Senate document my case in connection with the observation I have just made. Great crevices are developing. That is why I feel that in the mutual-security bill this year we ought to have moved a little faster than I think we have moved.

For example, I feel that we should have done a better job in changing the ratio of grants to loans. I am omitting any discussion of special-assistance grants, and so forth. I speak of only so-called economic aid and military aid. I think the figures will show that the ratio is somewhere in the neighborhood of 65 percent grants and 15 percent loans, with the remaining portion of the 100 percent made up by special budgetary items which cannot very well be fitted into either category—either military and economic grants, or loans.

If I were asked to answer the question, "What ratio would you support?" I should say that I think we should do a better job of trying to reverse the present ratio, so as to arrive at a ratio of somewhere in the neighborhood of 75 percent loans and 25 percent grants, as I say in my individual views. Until we do it, until we do a better job of adopting a foreign-aid program based on an increase in the percentage of loans for wealth-creating projects in the countries of the world where millions of people must be won over to the side of freedom, I think we shall continue to fall behind Russia in the great struggle of the next century between freedom and totalitarianism.

If there is anything I feel needs stressing—and I shall mention it again today, and shall probably mention it repetitively in the debate about to take place in the Senate on the bill which is to come before us—it is not the threat of Russian military power, because I think we can keep that balanced. Surely there is danger; but when we talk about comparable dangers, the greatest danger which I see is not the danger of an aggressive course of action by Russia, but the danger of economic penetration by Russia in the areas of the world where the fight for freedom must be won.

That is the great danger of the next century. That is why I, as a member of the Foreign Relations Committee of the Senate, am so constantly emphasizing the point that we had better take a long look at what we are doing, under a program which last year, according to the statistics, was somewhere in the neighborhood of 85-percent grants and 15-percent loans; and we called it foreign aid.

We must think in terms of exporting the greatest weapon we have against Russian communism, and that is the weapon of capitalism, which, according to my definition, is naught but an economic system which maintains the economic freedom of choice for the individual. That is what capitalism means to me.

If we are to win the hearts and minds of men and women in the underdeveloped areas of the world over to the side of freedom, we must give them the experience of enjoying economic freedom of choice, because without economic free-

dom of choice, there can be no political freedom of choice for the individual.

That is why I believe it is so important that we do a greater job and a better job of capitalistic investment by way of loans, project by project, in foreign countries, which will help to improve the economic lot of the people of those countries.

Thus, as chairman of the Subcommittee on South American Relations of the Senate Committee on Foreign Relations, I am found deploring, as I have done for the past 4 years, as the CONGRESSIONAL RECORD will show, our support of grants to dictators in South American countries rather than investing by way of loans in specific projects, which would benefit the people of South American countries.

Thus, in my individual views, which are being filed this afternoon, I once again deplore a military-aid program of the United States for the benefit of dictators in South America such as Batista, Trujillo, and others, who deny freedom to the people of South American countries.

We cannot sell to the people in underdeveloped countries of the world the idea that we are the bastion of freedom so far as foreign policy is concerned unless we practice that doctrine in our foreign policy.

Of course I do not accept the testimony of the Secretary of Defense before the Committee on Foreign Relations, when he talked about a military aid program to some countries in South America in connection with internal security, and then find our State Department taking the position that we must not follow the course of intervention when it is suggested, for example, that we use the prestige of our country in the United Nations to try to get the United Nations to bring its prestige and persuasion to bear upon both sides for the supervision by the United Nations of elections in Cuba. It is no answer to me on the part of the Secretary of State to say that that would be intervention, and then to listen to the Secretary of Defense talk about military aid to some South American countries in terms of helping them maintain internal security. I ask myself the question: What kind of internal security? What kind of internal security in Cuba, supported in no small measure by American arms? What kind of internal security in the Dominican Republic, supported in no small part by American arms? Not an internal security that promotes freedom.

What is the matter with us? Too frequently we American are not sufficiently self-critical and self-evaluating and self-appraising. So we find ourselves charged with talking about freedom and at the same time supporting totalitarianism in Cuba and in the Dominican Republic, and not so long ago in Paraguay, and not so long ago in Venezuela. Oh would—and sometimes it may be released—that we could have the full text of the testimony of the Under Secretary of State, Mr. Robert Murphy, before the Committee on Foreign Relations the other day, when he was examined by the Senator from

Montana [Mr. MANSFIELD] and the Senator from Vermont [Mr. AIKEN] in regard to a medal of merit which in 1954 the Government of the United States bestowed on Jimenez, of Venezuela, a complete dictator. Would that the American people could know of the reasons given by the Under Secretary of State for the bestowal of that medal of merit. Then there could be a better understanding of why the senior Senator from Oregon has constantly raised his voice for lifting the veil of security which is used as an alibi for denying to the American people information concerning the reasons for a good deal of our foreign policy action. I believe the American people are entitled to know, so that they can more fully appraise American foreign policy.

The reason I mention it is that I want at least the press to know that in filing my individual views, I do not file them as an opponent of a foreign aid program, which is the last point I wish to mention on this subject. I say that because what happens to some of us in the Senate in regard to misrepresentations in the press concerning our position on foreign aid is that if a Senator takes a position in favor of improving the foreign aid program, he is represented in the press as being against foreign aid, apparently on the basis of the assumption that the only sound foreign aid program is the foreign aid program of President Dwight D. Eisenhower. I do not accept that assumption. To the contrary, I believe that much of the foreign aid program of the President of the United States is not sound and ought to be modified in the interest of a good foreign aid program. That is why from time to time I have been critical of some of the foreign aid proposals of the President and of the Secretary of State.

I do not yield to the President and I do not yield to any Member of the Senate in supporting a sound foreign aid program. But I do insist on applying this test to any specific foreign aid program: Will this specific proposal promote freedom in the world—because that is the struggle of the next 100 years—or will this specific proposal of the President further strengthen totalitarianism around the world?

I believe that anyone who will analyze my position on foreign aid, as a member of the Committee on Foreign Relations of the Senate, will find that that represents in the main my differences with the committee. As a proponent of foreign aid, I shall continue to urge upon the people of the United States that we measure the quality of foreign aid we recommend to the people of the United States from the standpoint of whether it will promote freedom or whether it will strengthen totalitarian forces in the world in repressing freedom.

As I close these remarks and turn to a brief reference to the French situation, I wish to point out that we have a job to do in Asia and Africa and South America in behalf of freedom. We will have to demonstrate our willingness to support a foreign-aid program which will result in strengthening the economic pro-

ductive power of the people of other countries, and will not result in strengthening the dictatorial power of some dictators in some foreign countries who now repress the economic well-being of their people. Dictators cannot survive very well on prosperity. Dictators cannot survive very well when the mass of people are well fed and well clothed and well housed. That is the history of the great revolutionary fight for freedom during the history of mankind.

With that comment, I turn to the French situation momentarily, because I am greatly concerned about it, as I am sure most of the people of our country are. I turn for a moment to the very excellent research-reference work entitled "A Survey of European Civilization," by Ferguson and Bruun, to the volume dealing with France, and I read these paragraphs from that book:

The French people were the first to raise the cry of "liberty, equality, and fraternity," and to challenge in radical fashion the right of a small group, the nobles and clergy, to enjoy wealth, privileges, and immunities while the vast majority of Frenchmen were shut out from such favors and from all political power. In 1789 the leaders of the middle class prepared to sweep away the old regime with its inequalities and abuses, but they ended by sweeping away the French monarchy also, and plunged their newly proclaimed republic into a war with the rest of Europe.

The issues at stake in this struggle, the fashion in which the revolution influenced neighboring states, and the succession of events which made Napoleon Bonaparte master of France, and of a great part of Europe, form the subject matter of this section. Although the revolution failed to usher in the social utopia of which its early protagonists dreamed, it broke through the entrenchments of the old regime, liberated the middle class in the greater part of the Continent from irritating disabilities and obsolete restrictions and the peasants from the burdens of an outmoded feudal servitude.

There then arose the great French Republic.

Mr. President, in the great Declaration of the Rights of Man and the Citizen, made in 1789—and I quote this in reference to another chapter heading in this work by Ferguson and Bruun entitled "The French People Destroy the Relics of Feudalism and Overturn the Monarchy"—we find emblazoned the statement:

The end of every political association is the preservation of the natural and imprescriptible rights of man. These rights are liberty, property, security, and resistance against oppression.

As we review with great concern today the present problems of France, I think it is fitting to urge the French people to remember the glorious history of the French Revolution, and to recall that in that great revolution they successfully won the struggle for the establishment and the putting into operation of democratic processes and democratic procedures of government.

That is why I said on a television program yesterday afternoon that I was greatly concerned about the danger of DeGaulle taking over in France. Some have inquired of me today whether I considered it wise to make any comment about the French situation.

I repeat my concern today, because I cannot reconcile DeGaulle's political philosophy with the great purpose of the French Revolution for democracy. I think I can detect a totalitarian when I read his political philosophy. Therefore, I shall view with great concern any further movement in France which cannot be reconciled with the democratic processes and procedures achieved at such great loss of life in France in its great and glorious revolution against feudalism and absolutism at the time of the French Revolution.

I believe at least some voices should be raised in America to make clear to the French people and the authorities of France that if there is established in France a form of totalitarian government, it will be necessary for the United States to reappraise its relationships with France, because certainly, Mr. President, the cause of freedom in the world will not be strengthened if in the Republic of France there is established on any basis a regime the philosophy of which cannot be reconciled with the glorious words which the French people really gave to the world: "Liberty, equality, and fraternity."

I have always supported, and desire to continue to support, the closest cooperation between France and the United States, because we owe France much. She was one of the great bulwarks of America at the time we made our historic struggle for freedom. I have always felt, as I have studied history, that without the support of France we never would have become a free Nation. Therefore, I do not wish to be interpreted as one who proposes that we turn our back on France, but as one who urges the French people in this hour of crisis not to turn their backs on freedom and on the great traditions of the French Republic. The placing of De Gaulle in power or the putting of a French military junta into power, in my judgment, cannot be reconciled with the democratic history of France.

At a later time, depending on developments, I may voice further observations with respect to what I consider to be some of the problems of France in connection with a mutuality of obligations which the members of NATO have for the preservation of peace. I simply wish to say that those obligations, in my judgment, carry with them the responsibility that free nations be associated in NATO, and that NATO not be weakened by having a totalitarian administration become a part of it.

Mr. President—

The PRESIDING OFFICER. The Senator from Oregon.

RAILROAD SAFETY AND MAINTENANCE: PENNYWISE AND POUND FOOLISH

Mr. MORSE. Mr. President, I wish to discuss a domestic issue which is of great concern to the Nation, namely, the subject of railroad safety and maintenance, a penny-wise and pound-foolish policy.

In recent months great concern has been expressed over the economic health of the country's railroads. I share that

concern because the Nation's railroad system is indispensable to the proper functioning of our economy. It is to the interest of the entire Nation that the railroads be in the soundest possible condition financially so as to render the greatest service at the least cost.

Much has been said in discussing the current problems of railroading about many economic factors outside the industry itself. I believe that every relevant factor outside and within the industry should be carefully analyzed as we seek solutions for a better functioning, more sound financial base for the railroads.

However, the railroads have an obligation to do everything within their power to minimize their own costs consistent with safety and service requirements.

I call attention to some statistics which suggest, at least, that the railroads are incurring substantial and needless costs by cutting safety corners. I do not wish to judge the facts or reach a final conclusion. A thorough sifting of the facts by the appropriate committees should be undertaken into this matter. But I present the statistics to the Senate and the public so as to raise this serious problem and obtain serious consideration for it. I do so as chairman of the Subcommittee on Railroad Retirement of the Committee on Labor and Public Welfare.

We have before us at this session of Congress the very important matter of drafting a piece of legislation, fair both to the railroads and to the retirees, in connection with railroad-retirement benefits.

One of the problems which confront our committee is the problem of the financial position of the railroads at present. So I direct my attention to what I have termed the policy of the railroads of cutting safety corners, which I think is, in the long run, penny wise and pound foolish and will increase their costs. With the railroad-retirement problem before us, I believe we have a right to say to the carriers, in effect, "You will have to keep your house in order, too, when we come to consider what benefits you are to receive in regard to possible additional costs which will accrue to you through improved railroad-retirement benefits."

During the past several years there has been a steady decline in railroad employment. In part, this decline has been due to the deteriorating economic condition of the railroads and, in large measure, to technological changes in the industry.

I call attention to two classes of railroad employees during the past 6 years. I have prepared several tables to illustrate my point.

Table I shows that the average number of employees engaged in maintenance

of way and structures work has gone down steadily from 242,000 in 1952 to 170,000 in 1957. The same pattern is to be seen in the average number of employees engaged in maintenance of equipment and stores. In 1952 there were 345,000 employees in this category; but by 1957, the number had declined to 246,000.

These men and women are the ones who maintain and repair roadbeds, check tracks, check equipment, and repair the tens of dozens of items upon which efficient and safe railroad operations depend. As in the case of any enterprise, proper maintenance is essential to the avoidance of accidents and wrecks. But during the 6 years covered by the table, there has been a reduction of such employees totaling 170,529, a cut of almost one-third.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, table I, entitled "Average Number of Employees, Maintenance of Way and Structures, Maintenance of Equipment and Stores."

TABLE II.—Injuries to persons—Amounts charged to operating expenses by Class I line-haul railroads and Class I switching and terminal companies, Interstate Commerce Commission

Year	Maintenance of way and structures	Maintenance of equipment	Transportation	Total
Class I line-haul railroads:				
1952	\$11,187,471	\$14,046,476	\$72,786,467	\$98,020,414
1953	12,101,824	15,300,161	68,949,740	96,351,725
1954	12,215,294	15,166,479	68,012,644	95,394,417
1955	12,051,160	13,849,368	69,080,486	94,981,014
1956	13,705,915	15,809,084	77,129,575	106,644,574
Class I switching and terminal companies:				
1952	368,165	356,687	2,805,075	3,529,927
1953	567,522	483,128	2,748,205	3,798,855
1954	424,320	425,055	2,756,515	3,605,890
1955	327,514	481,126	2,696,977	3,505,617
1956	472,676	702,392	3,501,102	4,676,170
Total line-haul and switching and terminal companies:				
1952				101,550,341
1953				100,150,580
1954				99,000,307
1955				98,486,631
1956				111,320,744
Grand total				510,508,603
Yearly average for 5-year period				102,101,721

Mr. MORSE. Mr. President, during the period 1952-1955, these charges for railroaders injured on the job were about \$100 million a year; and in 1956, the costs leaped up over 10 percent, to \$111,320,744.

These are shocking figures, not only in terms of money, but also in terms of human injury. The table does not show all the injury costs, because, as I understand, employees who do not get special compensation for injury, but who stay home from work, with pay, for several days are not included.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—Average number of employees

Year	Maintenance of way and structures	Maintenance of equipment and stores	Total
1952	242,122	345,531	587,653
1953	240,696	335,993	576,689
1954	199,102	275,150	474,252
1955	196,989	273,155	470,135
1956	185,571	265,684	451,255
1957	170,766	246,358	417,124
Decrease in 6 years	71,356	99,173	
Total decrease, both departments		170,529	

Source: I. C. C. Form M-300.

Mr. MORSE. Mr. President, during the period 1952-1956, the charges against railroads for personal injuries have been extremely high, as table II shows. I ask unanimous consent to have this table printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

In an industry which is sorely perplexed over costs and revenues, personal injury costs of \$100 million a year are shockingly high.

The most recent figures on railroad employees killed and injured make sad reading. Mr. President, these figures are set forth in table III, which I now ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

85TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 1627

THE MUTUAL SECURITY ACT OF 1958

REPORT
OF THE
COMMITTEE ON FOREIGN RELATIONS
ON
H. R. 12181
TOGETHER WITH
INDIVIDUAL VIEWS



MAY 26, 1958.—Ordered to be printed

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THE MUTUAL SECURITY ACT OF 1958

MAY 26, 1958.—Ordered to be printed

Mr. GREEN, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany H. R. 12181]

The Committee on Foreign Relations, to whom was referred the bill, H. R. 12181, to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having considered same, report it favorably with an amendment in the nature of a substitute, and recommend that, as amended, it do pass.

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to continue for another year the variety of programs which are carried on under the general heading of mutual security. For this purpose, the bill authorizes appropriations totaling \$3,068,900,000. This is \$229 million less than the administration requested, and \$110 million more than the House authorized. In addition, the bill incorporates the Development Loan Fund, for which no new funds are provided, and makes a number of other changes designed to improve the mutual security program and other overseas activities of the United States.

2. WHAT THE BILL DOES

The table below shows the authorizations requested by the administration, those approved by the House, and those recommended by the committee. Insofar as country programs are unclassified they are shown in the sections of the report dealing with the various types of assistance authorized.

The committee bill authorizes \$1.8 billion for military assistance (sec. 3) and \$835 million for defense support (sec. 4) as requested by the administration, but with a proviso (sec. 13) that the total of those two items may not in any event exceed \$2.4 billion. The bill also

provides that the President can transfer funds in the amount of \$235 million between military assistance and defense support appropriations. The effect, therefore, is to reduce by \$235 million the amounts requested by the President for these two items but to give the President the authority to decide how the cut shall be divided between the two.

In addition to the appropriations which are authorized, the bill makes the following principal changes in existing law:

1. The Development Loan Fund is incorporated under a Board of Directors consisting of the Under Secretary of State for Economic Affairs as Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development (sec. 6).

2. Authority is provided for contributions to the United Nations fund for special projects as well as to the United Nations technical assistance program. Existing limitations on the percentage of the United States contribution will apply (sec. 7 (b)).

3. A prohibition is written into the law against the use of either dollars or counterpart funds for the retirement of the debts of foreign governments (sec. 9 (d)). This is identical to a provision which has been carried in the annual appropriation acts.

4. The provisions of the Defense Base Act and the War Hazards Compensation Act are extended to certain employees of the mutual security program. The effect is to provide covered employees with disability and death benefits, compensation during internment by an enemy, and compensation for injury or death resulting from war-risk hazards (sec. 11 (b)).

5. New policy statements are added in regard to the Western Hemisphere and India. The importance of the economic development of India is recognized and the sense of Congress is expressed that it is in the interest of the United States to join with other nations in providing adequate assistance to India to complete successfully its economic development program. With respect to Latin America the President is required to review annually Western Hemisphere defense plans to be sure that military assistance to Latin America is based on these plans. Internal security is ruled out as a normal basis for military assistance to Latin America. Finally, the President is requested to seek to strengthen cooperation in the Western Hemisphere by encouraging joint programs of technical and economic development.

6. The bill prohibits the return to the United States for commercial sale of American-made military firearms (sec. 8 (m)).

7. The World Health Organization is invited to initiate studies for the strengthening of medical research and related programs (sec. 11 (b)).

8. Authority is provided to use foreign currencies accruing under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) to collect, translate, and disseminate scientific and technical information and to support scientific activities overseas (sec. 11 (b)).

9. Tighter reporting requirements are provided in connection with congressional use of foreign currencies (sec. 9 (a)).

10. A limit of 50 percent is put on defense support, technical assistance, special assistance, and contingency funds which can be used for offshore procurement, and then only if the President makes specified determinations (sec. 9 (c)).

11. Officers and employees of the United States are prohibited from accepting compensation or other benefits from foreign governments (sec. 10 (a)).

12. The method of financing the informational media guaranty program is revised and put on a longer range basis (sec. 11 (b)).

13. There is created the post of Under Secretary of State for Economic Affairs, replacing the present position of Deputy Under Secretary for Economic Affairs (sec. 11 (b)).

14. The Mutual Defense Assistance Control Act of 1951 (Battle Act) is amended so as not to prohibit economic or financial assistance to any nation, except to the Soviet Union, Communist China, and North Korea, when the President makes certain findings (sec. 11 (b)).

15. Increases are authorized in United States contributions to the Interparliamentary Union, the NATO Parliamentary Conference, and the International Labor Organization (sec. 11 (b)).

16. The National Commission for the United Nations Educational, Scientific, and Cultural Organization is authorized to accept gifts, and the gifts are made tax deductible (sec. 11 (b)).

Mutual security authorization, fiscal year 1959

NOTE. Section numbers refer to Mutual Security Act of 1954, as amended.	Administration authorization request	House bill	Senate committee bill
Sec. 103 (a). Military assistance.....	\$1,800,000,000	\$1,640,000,000	} \$2,400,000,000
Sec. 131 (b). Defense support.....	835,000,000	775,000,000	
Sec. 304. Bilateral technical cooperation.....	142,000,000	150,000,000	150,000,000
Sec. 306 (a). U. N. technical cooperation.....	20,000,000	20,000,000	20,000,000
Sec. 306 (b). OAS technical cooperation.....	1,500,000	1,500,000	1,500,000
Sec. 400 (a). Special assistance.....	212,000,000	185,000,000	212,000,000
Sec. 401 (b). Contingency fund.....	200,000,000	100,000,000	200,000,000
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200,000	1,200,000	1,200,000
Sec. 405 (d). Escapees.....	8,600,000	8,600,000	8,600,000
Sec. 406. U. N. Children's Fund.....	11,000,000	11,000,000	11,000,000
Sec. 407. Palestine refugees.....	25,000,000	25,000,000	25,000,000
Sec. 409 (c). Ocean freight.....	2,100,000	2,100,000	2,100,000
Sec. 410. Control Act expenses.....	1,000,000	1,000,000	1,000,000
Sec. 411 (b). ICA administrative expenses.....	33,000,000	33,000,000	31,000,000
Sec. 419 (a). Atoms for Peace.....	5,500,000	5,500,000	5,500,000
Total.....	3,297,900,000	2,958,900,000	3,068,900,000

3. COMMITTEE ACTION

The President's message requesting this legislation (H. Doc. 338) was sent to Congress February 19, 1958. On the same day, Senators Green and Wiley introduced the administration's draft bill, by request, as S. 3318 so that the specific proposals would be before the Senate and the country in legislative form.

Between March 19 and April 2, the Committee held 10 days of hearings in both public and executive session. These hearings have been published after deletion of classified material from the executive portions. From the administration, the committee heard, among others, Secretary of State John Foster Dulles; Secretary of Defense Neil McElroy; Gen. Nathan F. Twining, Chairman of the Joint

Chiefs of Staff; Gen. Lauris Norstad, Supreme Allied Commander, Europe; Adm. Felix Stump, Commander in Chief, Pacific; C. Douglas Dillon, Deputy Under Secretary of State for Economic Affairs; and James H. Smith, Jr., Director of the International Cooperation Administration.

In addition, the committee heard 34 private citizens—all of those who had requested an opportunity to testify. These included representatives of such organizations as the AFL-CIO, the Chamber of Commerce of the United States, the American Farm Bureau Federation, the National Farmers Union, the League of Women Voters, the National Council of the Churches of Christ, the American Veterans Committee, and the General Federation of Women's Clubs.

The committee considered the bill in executive session May 21, 22, and 23, and on the last date voted, 14 to 1, to report H. R. 12181 with an amendment in the nature of a substitute.

4. MUTUAL SECURITY AND THE NATIONAL INTEREST

It is now 10 years since the Foreign Relations Committee reported, and the Senate approved, the bill which launched the Marshall plan. In the intervening decade, Congress has authorized \$54.5 billion and appropriated \$49.0 billion for the Marshall plan and successor programs. This is less than 2 percent of the total gross national product of the United States over the same period.

This means that, over the last decade, the American people have invested in these various programs something less than 2 cents out of every dollar of goods and services they have produced.

The Foreign Relations Committee remains convinced today, as it was 10 years ago, that this investment is sound, that it is in the national interest, and that to abandon it would be "pennywise and pound-foolish."

The committee desires to emphasize, however, that the activities authorized by H. R. 12181 bear little resemblance to those carried on under the Marshall plan. As the world has changed since 1948, so has the character of the mutual security program changed with it. The program has remained static only in the sense that today, as 10 years ago, it is based on the concept of collective security, the premise that the national interests of the United States are served by the creation and preservation of other free and independent nations in the world.

Nothing has happened in the last 10 years to impair the validity of this premise. What has changed is not the requirements of the national interest but the actions necessary to meet those requirements. These changes have been reflected in the annual mutual security acts passed by Congress.

The mutual security program is designed to achieve specific results in specific countries. In the European NATO countries, it is designed to augment, in a minor but critical way, local defense expenditures in order to supply advanced weapons and to provide other increments in military strength which would not otherwise be possible. The strategic force objectives toward which the program is working in NATO countries are those approved by NATO itself and by the United States Joint Chiefs of Staff.

In certain countries of Asia—principally Korea, Taiwan, Vietnam, Pakistan, and Iran—the object of the program is likewise to support

military forces, but in these countries it is necessary not only to supply military equipment but also to provide economic assistance to make the support of military forces possible.

In most of the free countries of Asia, Africa, and Latin America, it is the object of the program to promote stability and to induce a self-sustaining rate of economic development. This is sought to be accomplished through technical cooperation, through special assistance, and through loans from the Development Loan Fund.

In a few countries, it is the object of the program to secure base rights for American military forces, and this is another function of special assistance.

All of these objectives are clearly in our national interest. The military forces of NATO and of our allies in Asia provide the indispensable shield to discourage local aggression short of all-out war. The economic development of underdeveloped countries serves two purposes. It gives those countries the confidence they need in democratic, as opposed to totalitarian, processes, and it provides increased opportunities for private American trade and investment. The availability of foreign bases for American military forces increases the striking power of those forces and their ability to defend the United States.

The mutual security program is an indispensable tool for the accomplishment of all of these objectives. It has accomplished great things, a partial list of which would include the recovery of Europe, the strengthening of NATO, the sustenance of Korea, Taiwan, and Vietnam. It has also, on occasion, been used clumsily. But a carpenter does not throw away a hammer simply because he may from time to time miss the nail and hit his thumb. Neither does he trade it in for a smaller hammer. If he did so, his mistakes would hurt less, but it would also take longer to drive the nail—and it might not be possible to drive the nail at all.

If there were no mutual security program, there would obviously be no mistakes made in administering it. If there were a smaller program, the mistakes perhaps would not be so costly in monetary terms. But in either case, the results would likewise be correspondingly diminished, and the net long-term cost increased.

The committee is impressed by the lack of alternatives offered by opponents of the mutual security program. It is said that the American people cannot afford these expenditures abroad. But there is no measure of the ultimate cost of not making them—in terms of a higher defense budget at home, of increasing isolation in the world, and of loss of world leadership. This argument likewise overlooks the fact that 80 percent of the expenditures are not made abroad at all. They are made in the United States. And even the 20 percent which is spent abroad in the first instance returns to the United States in the form of foreign purchases of American goods and services.

It is said that our allies should carry a larger share of the load. But a good way to persuade them to carry even less is for the United States to shirk its responsibilities. And surely one cannot seriously expect a greater effort from the Koreans, who receive more mutual security aid than any other people, who have a gross national product of \$113 per capita, and whose exports pay for only 5 percent of their imports.

It is said that we could get more for less. But it is not said how.

It is said that aid should go only to allies, to nations who will stand up and be counted. This is an argument for all or nothing. People who insist on everything frequently wind up with nothing. A further in parts of Asia and Africa is quite enough to serve the interests of the United States.

Finally, the committee desires to call attention to the impressive evidence gathered in its hearings of public support for the mutual security program. One witness declared, probably without great exaggeration, that a majority of the taxpayers of the United States were represented through the organizations which testified in favor of the program. The statements of only two of these organizations need be quoted here.

The Chamber of Commerce of the United States said:

Congress should support the mutual security program as an instrument of United States foreign policy dedicated to the purposes of—

(a) Security for the United States and the other nations of the free world.

(b) The development of the economic resources and the living standards of the peoples of the free world through cooperation and self-help.

(c) The encouragement of responsible political freedom and stability.

(d) The fulfillment of the traditional humanitarian aspirations of our people * * *

And the American Federation of Labor and Congress of Industrial Organizations said:

Every relevant consideration—our own domestic economic situation, the minimum requirements to assure economic growth in the underdeveloped countries, the urgent need to enhance the welfare and security of the free world against the economic and political encroachment of the Soviet bloc—all emphasize the necessity for an adequate foreign aid program.

The Foreign Relations Committee endorses these statements and commends them to the Senate and to the country.

5. AID TO INDIA (SEC. 2)

The bill adds a new statement of policy to the act as follows:

The Congress recognizes the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world. Consequently, it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program for economic development.

The amendment speaks for itself. It is a recognition of the extreme importance of the success of India's effort to achieve economic development within the framework of democratic processes. India is the world's biggest democracy. Next to Communist China, it is the world's biggest country. The trend of events in India will have enormous influence on the trend of events elsewhere in Asia. It is in the interest of the United States to do what it can, in conjunction with other nations, to help make the Indian second 5-year plan a success. If this plan succeeds, India may reasonably be expected to achieve a greater degree of political strength and stability, and the prospects for the survival of India as a viable democracy will be greatly increased. If the plan fails, India will become weaker, perhaps so much so as to threaten its free institutions and form of government. In either event, the Indian experience will have a great bearing on the orientation of other states in Asia, especially in the light of comparisons which will inevitably be made with Communist China.

The Indian second 5-year plan is now in a critical phase. The purpose of the amendment is to let the Indian people know that the Congress supports the efforts they are making. The amendment will also let the executive branch know that the Congress approves of steps to aid India. And most important, it will serve as a stimulus to American efforts to enlist other free countries in a united assault on India's economic problems.

The amendment is a statement of policy. It does not in itself provide additional aid to India. Authority already exists to furnish aid through the Development Loan Fund, the Export-Import Bank, and other devices. However, the amendment does mean that there is great interest and sympathy in India's efforts to improve the life of its people.

6. MILITARY ASSISTANCE (SEC. 3)

Section 3 of the bill authorizes appropriation of \$1.8 billion for military assistance. The money would be for use beginning in fiscal 1959 and would remain available until expended. It should be borne in mind, however, that a reduction of \$235 million is to be made against this figure and/or that for defense support, the cut to be apportioned between these two items by the President.

Figures on how much is intended to be furnished for any particular country are classified for security reasons. The regional totals, which may not add because of rounding, are as follows:

Europe.....	\$391, 997, 000
Africa.....	9, 066, 000
Near East and south Asia.....	447, 961, 000
Far East.....	605, 817, 000
Latin America.....	54, 223, 000
Total.....	1, 509, 063, 000

The balance of the \$1.8 billion in the administration presentation is made up as follows:

Facilities assistance program, under which the United States aids certain countries in the establishment of production or maintenance facilities	\$20,000,000
Infrastructure	60,000,000
International Military Headquarters	7,500,000
Mutual weapons development planning	40,000,000
Administration	25,000,000
Loans	80,000,000
Nutrition survey	275,000
Overseas internal security program	10,000,000
Training	29,337,000
U. N. support, Korea	12,000,000
Miscellaneous	6,825,000
Total	290,937,000

By function, the program breaks down as follows:

(Millions of dollars)	
Materiel	1,286.3
Force maintenance	331.6
Training ammunition	51.2
Follow-on spares	56.2
Equipment attrition and other	224.2
Force improvement	954.6
Aircraft	238.5
Missiles	232.8
Ships	55.2
Tanks	20.6
Vehicles	101.4
Ammunition reserve	50.5
Construction	90.8
Other	164.8
Packing, crating, handling, and transportation	119.5
Training	86.3
Cost sharing	127.5
Facilities assistance program	20.0
Infrastructure	60.0
International Military Headquarters	7.5
Mutual weapons development program	40.0
Other	131.4
Administration	25.0
Loans	80.0
Other	26.4
Programs under negotiations	49.0
Total	1,800.0

Although more than 40 countries are included in the administration's illustrative presentation of the military assistance programs, four countries account for almost half of the military assistance programed by country. These four are Korea and Taiwan in the Far East, and Greece and Turkey in the Near East.

In each of these four countries, the military assistance program (coupled with defense support) enables far more strength to be generated than if the same number of dollars were spent on American forces. The Department of Defense calculates that it costs \$3,515 a year to maintain an American soldier (pay, allowances, subsistence, and clothing). Comparable figures for the countries mentioned above are Korea, \$302; Taiwan, \$147; Greece, \$424; and Turkey, \$240.

The committee also desires to emphasize the importance of military assistance to the European members of NATO. Rising defense expenditures of the European countries themselves, coupled with European economic growth, have made it possible to reduce United States assistance rather sharply since the high point of the program was reached in 1953. This is a welcome development, but it should not be allowed to obscure the fact that NATO does not yet have the forces which all responsible military officers agree that it should have. While urging our allies to increase their efforts to provide these forces, we should certainly not slacken our own efforts in this enterprise which is as important to our defense as it is to theirs.

The committee's bill omits language in the House bill amending section 105 (b) (1) of the act, which provides for the act to be administered in such a way as to promote the integration of Europe. The House bill would include a specific reference to the promotion of "coordinated production and procurement programs" for NATO military equipment. The committee felt that the proposed additional language was unnecessary and that, by specifying a particular means of promoting European integration, it might detract from the force of the general statement already contained in the law.

The bill also tightens the criteria for military assistance to Latin America. Present law (sec. 105 (b) (4)) requires that military assistance to Latin America be furnished only—

in accordance with the defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

The committee added new language requiring the President to review these findings annually. The new language also provides that Latin American internal security requirements shall not normally be the basis for military assistance. As noted, present law requires these programs to be based on hemispheric defense plans. It is the intent of the committee that more frequent high-level attention be given to the determination that this is in fact the case.

7. DEFENSE SUPPORT (SEC. 4)

Section 4 of the bill authorizes appropriations of \$835 million for defense support, to be available for use beginning in fiscal 1959 and to remain available until expended. It should again be noted that this figure and that for military assistance are subject to a \$235 million reduction, the reduction to be apportioned by the President.

Like the figures for military assistance, the proposed country figures for defense support are classified for security reasons. By regions, however, the administration's illustrative program shows:

Europe.....	\$45, 000, 000
Near East and south Asia.....	195, 000, 000
Far East.....	595, 000, 000
Total.....	835, 000, 000

More than half is for the two countries of Korea and Vietnam, each of which is suffering from an artificial division and each of which is threatened by strong Communist forces to the north. It is clearly

in the American national interest that each continue to maintain its independence.

Besides Korea and Vietnam, defense support is programed in fiscal 1959 for 10 other countries: Spain, Greece, Iran, Pakistan, Turkey, Cambodia, China (Taiwan), Laos, Philippines, and Thailand. In each of these countries, likewise, there are urgent and valid American objectives which can be met only by assistance of the kind supplied through defense support.

Of the total of \$835 million, it is proposed to use \$699,690,000 to finance commodity imports or in outright cash transactions. The remainder of \$135,310,000 will be used in specific projects of economic aid. The nonproject assistance is illustratively broken down as follows:

Surplus agricultural commodities.....	\$126, 000, 000
Other agricultural commodities.....	75, 570, 000
Raw materials and fuels.....	281, 910, 000
Machinery and equipment.....	124, 545, 000
Other industrial commodities.....	62, 965, 000
Cash transactions.....	18, 000, 000
Ocean freight.....	10, 700, 000
Total.....	699, 690, 000

Except for projects in Europe amounting to \$1 million in industry and mining and \$1.5 million in transportation, all of the project assistance will be carried out in the Far East, as follows:

Agriculture and natural resources.....	\$7, 030, 000
Industry and mining.....	49, 600, 000
Transportation.....	45, 740, 000
Health and sanitation.....	5, 745, 000
Education.....	2, 950, 000
Public administration.....	9, 145, 000
Community development, social welfare, and housing.....	6, 065, 000
General and miscellaneous.....	6, 535, 000
Total.....	132, 810, 000

In general, it may be said that the imports financed by defense support under nonproject assistance serve the purpose of supporting the recipient country's economy as a whole, while the project assistance is directed specifically to particular endeavors aimed at longer range development. Nonproject assistance primarily reflects, and partially meets, a balance of payments problem of the recipient country. The imports so financed are usually fed into the economic life of the country through normal channels of trade. The local currency received by the other country from the import and sale of the commodity is deposited by the foreign government in a special account. A specified portion (usually up to 10 percent) is available to meet expenses of the United States while the balance is used for purposes agreed on by the United States and the foreign government. These purposes may be any one, or combination, of a wide variety of things. They may include the pay of troops or general budgetary support for the foreign government. They may be used for capital investment, perhaps to meet the foreign government's share of the cost of projects receiving American aid. Sometimes, in order to counteract inflation, they simply may not be used at all for the time being.

In any case, in the 12 countries in question, defense support is an indispensable accompaniment of military assistance. It will not do

any good to furnish military equipment for the Republic of Korea, for example, unless we also furnish sufficient economic assistance to enable Korea to remain a viable state.

8. USE OF COUNTERPART SPECIAL ACCOUNT (SEC. 5)

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to by the United States and consistent with United States foreign policy, if the amount of counterpart exceeds the requirements for purposes for which new funds would be available.

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings (approximately \$4 million) to the Austrian Hilsfand for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

The Hilsfand was established for this precise purpose by the Austrian Government. So far, about 30,000 claims have been filed, and certified by the Austrian Government for payment, mostly in amounts equivalent to one or two thousand dollars and largely by persons over 60 years of age. The Austrian Government feels its budgetary situation permits payment of only about one-fourth of the claims this year. Although Austrian law now requires all of the claims to be paid eventually, it is desirable that the process be hastened in view of the advanced age of the claimants.

The Austrian counterpart fund exceeds the requirements for purposes for which new mutual security funds would be available, and therefore qualifies under the proviso written into the act by the committee. Without the proviso, however, counterpart could not be used for the Hilsfand, because new mutual security funds would not themselves be available for this purpose.

It is intended that the counterpart be furnished the Hilsfand on a loan basis, so that eventually the counterpart account will be replenished.

9. AID TO YUGOSLAVIA

The committee considered the desirability of writing new provisions with regard to aid to Yugoslavia. The law now provides as follows:

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and

the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

The House rewrote this section to make future aid to Yugoslavia contingent upon a number of findings by the President, and a report to Congress, within 90 days. The findings required by the House were the same as in the existing law, plus a finding that there has been no change in the Yugoslav policies on the basis of which aid has been furnished to Yugoslavia in the past.

The committee felt that the House language did not materially change the present law, which is adequate to assure continuing careful attention to the policy issues raised by aid to Yugoslavia. It should be noted that no military assistance is proposed for Yugoslavia in fiscal 1959 and that economic assistance is substantially reduced. In the present circumstances, it seemed to the committee that new language is not necessary. The committee bill, therefore, leaves the present law unchanged and does not adopt the House amendment.

10. DEVELOPMENT LOAN FUND (SEC. 6)

Section 6 of the bill makes several amendments in title II of the Mutual Security Act, the net effect of which is to change the status of the Development Loan Fund from a component of the International Cooperation Administration to a Government corporation. No new financing of the Fund is authorized. The Fund is given the usual corporate powers and is made subject to the provisions of the Government Corporation Control Act covering wholly owned Government corporations. In view of the new corporate status of the Fund, language is added specifically prohibiting the Fund from borrowing money from any source without the express legislative permission of the Congress.

Congress last year established the Fund within the International Cooperation Administration of the Department of State to operate under a manager appointed by the President by and with the advice and consent of the Senate. The Fund was to operate under the general supervision of the President and the foreign policy guidance of the Secretary of State. Within this framework, basic financial terms and conditions of the Fund's transactions were to be established by a loan committee consisting of the Deputy Under Secretary of State for Economic Affairs as chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of the Export-Import Bank.

Under the provisions of H. R. 12181, the management of the Fund is vested in a board of directors consisting of these same three officials plus the Fund's Managing Director (the official who is called Manager in the present law) and the United States Executive Director on the International Bank for Reconstruction and Development.

■ The bill does not change the provisions of existing law regarding the type of activities the Fund is authorized to undertake. Thus, the Fund may not make grants or buy equity securities. It may make loans only on the basis of firm commitments to repay and upon a finding that there are reasonable prospects of repayment. Further, the Fund is to be administered—

so as to support and encourage private investment and other private participation * * * and so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development.

Language is added exempting private businessmen cooperating with the Fund from the legal prohibition (18 U. S. C. 955) on private loans to a foreign government in default in the payments on its obligations to the United States. This puts the Fund on a par, in this respect, with the Export-Import Bank.

The bill adds a new criterion which the Fund is to take into account in engaging in financial operations. This is—

the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved.

The other criteria in the existing law remain unchanged—that is, the Fund must also consider—

(1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of resources or to the increase of productive capacities * * *

The new standard, which was in the bill as it came from the House, will insure that the possible domestic economic implications of the Fund's operations will also be considered.

The bill also repeals the requirement of the present law that a report be made to the Speaker of the House and the Senate Appropriations and Foreign Relations Committees on each financial operation or transaction of the Fund at the time such operation or transaction is consummated. In lieu of this requirement, the bill directs that the President's regular semiannual reports to Congress on the mutual security program include detailed information on the Fund. This is in line with the reporting requirements applied to the Export-Import Bank. It seems to the committee a more practical way of meeting the problem.

The bill provides that the Board of Directors of the Fund "shall carry out its functions subject to the foreign policy guidance of the Secretary of State." The committee has acquiesced in the administration's desire to incorporate the Fund, because a Government corporation has many advantages of business management and stability. But the committee is emphatic that incorporation does not imply any greater degree of independence in the Fund's operations. The Fund is an instrument of American foreign policy, and is intended to be under the foreign policy direction of the Secretary of State, whether incorporated or unincorporated.

Finally, the bill makes various administrative provisions regarding the Fund. The Managing Director will receive compensation of \$20,000 a year, compared with \$19,000 now received by the Manager. The position of Deputy Managing Director is created, at a salary not in excess of \$19,000, and three other officers of the Fund are provided for, at salaries not in excess of \$18,000. Provision is also made for

the Fund to pay its own administrative expenses and to make appropriate contributions to the civil service retirement and disability fund.

11. TECHNICAL COOPERATION (SEC. 7)

A. BILATERAL PROGRAMS (SEC. 7 (a))

Section 7 (a) of the bill authorizes appropriation of \$150 million to carry on the programs of technical cooperation. The money would be for use beginning in fiscal 1959 and would remain available until expended. This is an increase, initiated by the House, of \$8 million over the administration's request. It is \$1.9 million less than was authorized, but \$37 million more than was appropriated, last year.

It is intended by the committee that the increase over the administration's request be used primarily for personnel improvement programs. The committee is particularly anxious for ICA to expand greatly its work in training technicians in the language of the country to which they are to be assigned. Further improvements could also be made in ICA's methods of recruiting. The committee recognizes that a part of these expenditures would come under the head of administrative expenses, which are provided for elsewhere in the act. The committee feels, however, that these activities have such a direct bearing on the success of the total technical assistance program that they can properly be carried on with nonadministrative funds.

The \$142 million program which was submitted by the administration on an illustrative basis breaks down as follows:

[In thousands of dollars]

Europe:		Far East—Continued	
Spain.....	1, 100	Korea.....	5, 800
Yugoslavia.....	1, 800	Philippines.....	3, 000
Africa:		Thailand.....	4, 200
Ethiopia.....	4, 000	Vietnam.....	4, 500
Ghana.....	1, 200	Regional and undistrib-	
Liberia.....	2, 000	uted.....	500
Libya.....	2, 400	Other.....	7, 800
Morocco.....	1, 000	Latin America:	
Somalia.....	350	Argentina.....	800
Tunisia.....	1, 500	Bolivia.....	3, 000
Overseas territories.....	1, 200	Brazil.....	5, 000
Regional and undistrib-		Chile.....	2, 750
uted.....	800	Colombia.....	1, 700
Near East and South Asia:		Costa Rica.....	1, 150
Afghanistan.....	3, 000	Cuba.....	585
Ceylon.....	1, 550	Dominican Republic.....	210
Greece.....	750	Ecuador.....	1, 900
India.....	7, 300	El Salvador.....	1, 100
Iran.....	6, 000	Guatemala.....	2, 675
Iraq.....	2, 500	Haiti.....	1, 650
Israel.....	1, 600	Honduras.....	1, 550
Jordan.....	1, 750	Mexico.....	700
Lebanon.....	1, 750	Nicaragua.....	1, 000
Nepal.....	1, 250	Panama.....	1, 300
Pakistan.....	5, 900	Paraguay.....	1, 500
Sudan.....	1, 100	Peru.....	2, 900
Turkey.....	4, 500	Uruguay.....	200
Other.....	450	Venezuela.....	190
Regional and undistrib-		Overseas territories.....	1, 050
uted.....	2, 250	Regional and undistrib-	
Far East:		uted.....	2, 090
Cambodia.....	2, 200	Interregional expenses.....	15, 000
China (Taiwan).....	2, 500		
Japan.....	2, 500	Total.....	142, 000

As will be observed from an inspection of the foregoing figures, the program of technical cooperation is virtually worldwide in scope and is relatively small in scale in terms of dollar costs in any given country. The biggest single country program is in India and amounts to \$7.3 million. In most countries, the program is in the magnitude of 1 to 3 million dollars.

As has been frequently pointed out, technical cooperation is of a long-term nature and emphasizes the training of people through the transmission of knowledge and technical skills. To be effective, it requires stability in financing and patience in operations. Its costs are modest, relative to other varieties of foreign aid, and its returns great.

Small programs will be instituted this year in Sudan and possibly other countries which have not hitherto engaged in technical cooperation. Significant increases will be made in the existing programs in other countries and territories of Africa, and this is a point to which the committee attaches particular importance. Many other country programs will be increased slightly.

B. MULTILATERAL PROGRAMS (SEC. 7 (b))

United Nations (sec. 7 (b) (1) and (2)).—These subsections of the bill authorize appropriation of \$20 million for contribution to the technical assistance and related programs of the United Nations. Both the amount and the language are adequate to permit a United States contribution to the United Nations Special Projects Fund established by the last General Assembly if such a fund begins operations, as the committee hopes it will, in the next year. This fund is related to, but is separate from, the United Nations technical assistance program. It is designed to provide intensive assistance in such things as surveys of natural resources and in the establishment of technical training institutes.

Although the General Assembly resolution creating this new fund contemplated that the United Nations technical assistance program, including the special projects, would amount to \$100 million a year, the program is not expected to reach this total for several years. A preparatory commission is now at work on precise plans and administrative arrangements for the Special Projects Fund and is to report to the United Nations Economic and Social Council this summer. A pledging conference will be held in the autumn. Meanwhile, it is estimated that the total contributions to the central fund, including both technical assistance and special projects, will amount to \$52.6 million for calendar year 1959, and that the United States will contribute \$20 million, or 38 percent, of this amount. This percentage contribution is in accordance with existing law which provides a sliding scale under which United States contributions are 45 percent in 1958 and will be 38 percent in 1959 and 33.33 percent in 1960.

The committee considered and rejected a provision in the House bill which would have repealed this scale of reductions and substituted a continuing limitation of 40 percent. The committee remains of the opinion that the percentage of the United States contribution should be brought down to 33½ percent in accordance with the schedule in existing law. Further, the percentage should continue to be calculated as at present—i. e., on the basis of contributions to the central fund

of the United Nations program. The committee rejects suggestions that local cost assessments against governments receiving United Nations technical assistance should be included in this base on which the United States contribution is calculated. These local cost assessments have been levied since 1954 and amount to 50 percent of the per diem subsistence allowances paid to United Nations experts. They are paid into the central fund, and in this respect differ from other local cost contributions by recipient governments, but they are not in precisely the same category as regular contributions to the central fund and should not be used as a device to increase the United States contribution.

The United Nations technical assistance program was instituted in 1950 on the initiative of the United States and has had the steady support of Congress and of other governments in the United Nations. As it has grown over the years, the relative contributions of other countries have increased and those of the United States decreased. The Special Projects Fund, which was likewise established as the result of United States initiative, holds promise for increasing the beneficial effects of technical assistance. In the judgment of the committee, both programs deserve United States support. The committee repeats its willingness to increase substantially the dollar amount of the United States contribution on the basis of the percentage provided by law, but it is not willing to increase that percentage, either directly or indirectly.

Organization of American States (sec. 7 (b) (3)).—This subsection authorizes appropriation of \$1.5 million for 1959 contributions to the technical assistance program of the Organization of American States. This relatively small program concentrates on regional training projects. The authorization recommended by the committee this year is the same amount as has been authorized and appropriated annually since 1955.

12. INTERNATIONAL DEVELOPMENT ADVISORY BOARD

The House bill repealed section 308 of the act which provides for the International Development Advisory Board. This Board consists of 13 members, broadly representative of voluntary agencies and other interested groups, including business, labor, agriculture, public health, and education. The Board is directed to advise and consult with the President and other appropriate officials in regard to policies concerning technical assistance, the Development Loan Fund, and private enterprise participation. Under the chairmanship of such distinguished men as Nelson Rockefeller and Eric Johnston, the Board has, in the past, made significant contributions to the formulation of mutual security policies.

The terms of the Board's members expired last September, and no new members have been appointed. The committee is disturbed at this failure on the part of the administration to take advantage of a worthwhile device for bringing fresh, outside thinking to bear on the problems of economic development. In refusing to go along with the House in abolishing authority for the Board, the committee expresses the hope, which it trusts will not be in vain, that the administration will proceed forthwith to reactivate this moribund, but potentially useful, organization.

13. SPECIAL ASSISTANCE, PRESIDENT'S SPECIAL AUTHORITY, AND CONTINGENCY FUND (SECS. 8 (a) AND (b))

It is necessary to consider these three items—special assistance, President's special authority, and contingency fund—together in order to understand the provisions of the bill and the changes made in existing law, both in amounts and in substance.

In section 400 (a) of the Mutual Security Act, Congress last year authorized the appropriation of \$250 million for special assistance in fiscal 1958. Of the amount authorized, \$225 million was appropriated.

Section 7 (a) of the bill authorizes appropriation of \$212 million for fiscal 1959 and amends section 400 (a) of the act to reflect a change in the programs special assistance is intended to finance.

In the present law, special assistance covers two types of aid programs:

1. Those economic programs for which firm plans had been made at the time of congressional action but which were not covered by other categories of aid. Examples are malaria eradication, relief and resettlement of Hungarian refugees, Western Europe Technical Exchange, and certain country programs. This category of miscellaneous, firm programs was covered by language in the law making special assistance funds available—

for use on such terms and conditions as he [i. e., the President] may specify for assistance designed to maintain or promote political or economic stability.

2. Those programs which were either entirely unforeseen at the time of congressional action or which, although foreseen as potential, had not developed to the point of allowing firm requirements to be stated. This category of contingent programs was covered by language in the law making special assistance available—

for assistance in accordance with the provisions of this Act applicable to the furnishing of assistance under title I [military assistance and defense support], section 304 [bilateral technical cooperation], section 405 [migrants, refugees, and escapees], or section 407 [Palestine refugees] of this Act.

In short, there was authorization to use special assistance funds to supplement regular programs under other provisions of the act.

In the bill this year, special assistance covers the first type of program listed above, but not the second type, and the language of the law is amended accordingly. Special assistance this year is also intended to cover certain programs which have hitherto been financed out of other funds. For example, assistance to West Berlin has previously been financed out of a separate appropriation for joint control areas but is now included in special assistance. Further, last year aid to Morocco and Libya was financed out of defense support; this year it is transferred to special assistance. This latter transfer is of particular importance in clarifying the purposes of different types of aid and is in line with the conclusion of the committee last year that defense support should be limited to that aid specifically designed to maintain or increase military strength. Aid to Morocco and Libya is not related to the military effort of those countries, but is designed, instead, to assure the availability of

military bases to United States forces. As such, it should not be called defense support.

Figures of special assistance programed for individual countries are classified. Regional totals, and other unclassified figures, are as follows:

Europe: \$26,400,000, including, among others, Berlin, Yugoslavia, European technical exchange (\$3 million), and interregional expenses (\$140,000).

Africa: \$83 million, including Ethiopia, Libya, Morocco, Somalia, and Tunisia.

Near East and South Asia: \$48 million, including, among others, Afghanistan, Israel, Jordan, Nepal, and Sudan.

Far East: \$6 million, including Indonesia, and others.

Latin America: \$23 million, including Bolivia, Haiti, and regional and undistributed expenses (\$4 million).

Nonregional programs: Malaria eradication, \$25,600,000.

To finance the contingent programs described under category 2 above, the bill this year adds a new subsection (b) to section 401 of the act authorizing appropriation of \$200 million as a contingency fund "for assistance authorized by this Act, other than by Title II [Development Loan Fund], in accordance with the provisions of this Act applicable to the furnishing of such assistance." This is the Fund which will be used, as special assistance was formerly used, to supplement regular programs under other provisions of the act. It cannot be used, however, to supplement the Development Loan Fund.

By the nature of these programs, it is not possible to foresee clearly what the requirements will be. Past examples can be cited, however. These include emergency relief because of natural disasters, as in Pakistan and Haiti; increases necessitated by adverse economic developments or by failure to estimate needs adequately, as in Turkey in 1956; institution of programs in newly independent countries, as in Morocco and Tunisia in 1957 and Sudan in 1958; action necessitated by unforeseen political events, as in Jordan in 1957.

Without funds available for immediate use in cases such as these, the United States would perforce miss many opportunities to advance its foreign policy objectives; worse, in some cases it would be forced to sit idly by and watch developments disadvantageous to it.

Upon a determination by the President that it is important to the security of the United States, \$100 million of the contingency fund may be used in any fiscal year without regard to the requirements of the Mutual Security Act or related laws. In addition, and upon making the same determination, the President may waive these requirements with respect to \$150 million of any mutual security funds. This is the President's special authority contained in section 401 (a) of the act, but no more than \$30 million a year may be used under this authority in any one country.

In the existing law, this authority extends to \$150 million of any mutual security funds plus \$50 million of special assistance funds authorized in section 400 (a). The bill would strike this authority for the use of special assistance funds and transfer it to contingency funds.

The bill would also make technical amendments in section 401 (a) to insure that the authority extends to interim appropriations which

are provided in some years when the regular appropriation acts are not enacted before the end of the fiscal year.

The authority provided in section 401 (a) has proved to be extremely useful in the past, and the committee recommends that it be continued.

14. OTHER PROGRAMS (SECS. 8 (c)-(o))

A. SURPLUS AGRICULTURAL COMMODITIES (SEC. 8 (c))

For several years, the Mutual Security Act has earmarked funds to finance the export and sale for foreign currencies of surplus agricultural commodities or their products. For fiscal year 1958, not less than \$175 million is to be used for this purpose. Section 8 (c) of the bill amends section 402 of the act to earmark a similar amount for fiscal 1959. As is now the case, the requirement does not apply to the Development Loan Fund.

B. GERMANY (SECS. 8 (d) AND (e))

Section 8 (d) of the bill repeals section 403 of the act, which authorizes special assistance in joint control areas and which was originally enacted to provide aid to Trieste, Austria, and Berlin. Of these, only Berlin remains as a joint control area. Authority to meet the economic responsibilities of the United States in regard to Berlin is amply provided in section 404 of the act, which authorizes the use of certain German marks for this purpose, and in sections 400 and 401, which provide special assistance and contingency funds. Section 403 is accordingly repealed as obsolete.

Section 8 (e) of the bill makes a conforming amendment in section 404 of the act by substituting a reference to section 400 (a) for a reference to the repealed section 403.

The administration proposes to use \$8.2 million in special assistance funds to aid Berlin. Most of this aid will be in the form of surplus agricultural commodities which will be sold to the Federal Republic of Germany for marks, with the marks in turn used for assistance to West Berlin. The committee hopes, however, that the flourishing economy of the Federal Republic of Germany will make possible a reduction in these United States programs in Berlin.

C. REFUGEES (SEC. 8 (f) (1))

Section 405 (c) of the act authorizes appropriation for fiscal 1958 of \$2,233,000 for contributions to the United Nations Refugee Fund. This fund will go out of existence December 31, 1958, under the terms of the United Nations resolution which established it. The refugee problem which it was set up to deal with, however, is still far from solved, particularly as regards the difficult cases of aged or disabled refugees who need institutional care. In recognition of this fact and of the further fact that fluctuations in the number of refugees are unpredictable, the United Nations General Assembly at its last session authorized continuation of activities by the United Nations High Commissioner for Refugees. The program will be financed by voluntary contributions by United Nations members.

Section 8 (f) (1) of the bill amends section 405 (c) of the act to authorize appropriation for fiscal 1959 of \$1.2 million for contribu-

tions to the High Commissioner's programs. It is desirable, in the committee's view, that progress continue to be made in resettling refugees and that international machinery be kept in existence to deal with new refugees. This particular program deals with the refugee problem in Europe and the Far East.

D. ESCAPEES (SEC. 8 (f) (2))

Section 405 (d) of the act authorizes appropriation for fiscal 1958 of \$5.5 million for continuing programs for the care, training, and resettlement of escapees from Iron Curtain countries. Section 8 (f) (2) of the bill amends this section to authorize appropriation of \$8.6 million for these activities in fiscal 1959. The increase is accounted for by inclusion of \$3.7 million for programs dealing with Hungarian refugees who were cared for through other appropriations last year.

E. UNITED NATIONS CHILDREN'S FUND (SEC. 8 (g))

This subsection authorizes appropriation of \$11 million for fiscal 1959 for contributions to the United Nations Children's Fund. The same amount was authorized and appropriated last year.

F. PALESTINE REFUGEES (SEC. 8 (h))

This subsection authorizes appropriation for fiscal 1959 of \$25 million for contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Of this amount \$5 million can be used only for resettlement or repatriation. The balance will be available for relief. This authorization replenishes a fund of \$65 million which was authorized in the Mutual Security Act of 1955 and is now virtually exhausted.

The administration had requested an authorization of \$25 million with none of the funds earmarked. The committee has earmarked \$5 million of the funds as an expression of its dissatisfaction with a situation in which, year after year, these 900,000 refugees are kept on relief with no progress toward a permanent solution in the form of agreed programs for their resettlement or repatriation. In its report on this bill last year, the committee remarked that it—

would be willing, if a settlement were reached, to give the most sympathetic consideration to proposals for United States assistance in the form of capital investment to implement the settlement.

The earmarking of \$5 million this year is a small earnest of that willingness.

The committee has also rejected the administration's request to repeal a sentence in the present law reading as follows:

In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees.

The President delegated his function under this provision to the Secretary of State, who determined on October 2, 1957, that—

it was in the best interests of the United States to continue financial assistance to UNRWA during fiscal year 1958, despite the fact that Israel and the Arab host governments had not as yet taken any decisive steps toward the resettlement and repatriation of the refugees.

In reporting this determination to the committee January 16, 1958, the Secretary said that failure by the United States to contribute to UNRWA "would cause the immediate collapse of UNRWA's operations," and this, in turn, "could create grave internal problems in Jordan and Lebanon and would certainly be the cause of serious difficulties in the Gaza area which could lead to fresh sources of conflict or even outright hostilities between the Arab States and Israel." A cessation of United States contributions, he added, would also cause "grave difficulties between the United States and the affected Arab governments."

The committee agrees that, in the circumstances, the United States has no acceptable alternative to continuing its contributions to UNRWA. The committee does not agree, however, that the language of the present law should be repealed. Such action might create in Israel and the Arab States the false impression that the United States is losing interest in steps which they might take toward resettlement and repatriation. On the contrary, the committee retains the most lively interest in this matter. The committee is of the opinion that both repatriation and resettlement must be involved in a settlement. The refugees are one of the prime sources of unrest in the Middle East and will remain so until Israel and the Arab States recognize, and act on, their responsibilities in the matter.

G. OCEAN FREIGHT (SEC. 8 (i))

This subsection authorizes appropriation of \$2.1 million for fiscal 1959 to pay ocean freight charges on shipments by American voluntary nonprofit relief agencies. The authorization and appropriation for fiscal 1958 was \$2.2 million. The authorization for 1959 is based on actual program estimates by the participating voluntary agencies. It is expected that ocean freight charges will be paid on 70 million pounds of supplies valued at \$30 million.

H. ADMINISTRATIVE EXPENSES (SEC. 8 (j) AND (k))

Section 8 (j) of the bill amends section 410 of the act to authorize appropriation of \$1 million for fiscal 1959 for expenses of administering the Mutual Defense Assistance Control Act of 1951 (Battle Act). This is the same amount as was authorized and appropriated last year.

Section 8 (k) (1) of the bill amends section 411 (b) of the act to authorize appropriation of \$31 million for fiscal 1959 to pay the administrative expenses of the International Cooperation Administration. Existing law is also amended to make it clear that these funds are not for administrative expenses of the Development Loan Fund, which in the future will be paid from the Fund's own assets.

The authorization in the bill is \$2 million less than requested by the administration. The committee thinks the reduction can be absorbed through greater efficiency, through transfer of Development Loan Fund administrative expenses to the Fund itself, and through transfer of other administrative items to the Department of State.

Section 8 (k) (2) makes a technical amendment in section 411 (c) of the act to accomplish this latter transfer. Section 411 (c) contains a continuing authorization of not more than \$7 million a year for administrative expenses of the State Department "incurred for normal functions of the Department which relate to functions under this Act." The amendment would broaden this authorization to include "functions of the Department under this Act" as well as its "normal functions" relating to the act. The reason for this change is that it is proposed that the Department undertake certain functions under the act which are not its "normal" functions. The escapee program is an example.

I. ADMINISTRATION OF INVESTMENT GUARANTIES (SEC. 8 (l))

This subsection makes three technical amendments in section 413 (b) (4) of the act, the effect of which is to permit administration of the investment guaranty program to be transferred from the International Cooperation Administration to the Development Loan Fund in the discretion of the President.

A further amendment authorizes fees under existing investment guaranty contracts to be reduced if the fees for the same type of guaranties are reduced in the future. The law provides maximum fees of 1 percent on guaranties of currency convertibility and 4 percent on guaranties against losses through expropriation, confiscation, or war. Under the authority provided by this amendment—and deemed necessary by the General Accounting Office—administrative reductions which may be made in fees on future guaranty contracts can be extended equitably to existing contracts.

J. ARMS IMPORT CONTROL (SEC. 8 (m))

The committee gave considerable attention to the problem caused by the reimportation into the United States of American firearms which are exported and then become surplus overseas. Section 414 of the act authorizes the President, "in furtherance of world peace and the security and foreign policy of the United States," to control the export and import of arms, ammunition, and implements of war. The House bill contained an amendment to this section prohibiting the return to the United States (except for the Armed Forces) of arms or ammunition furnished to foreign governments under a United States assistance program.

There is a serious question as to whether this amendment would put the United States in violation of the General Agreement on Tariffs and Trade. Further, the amendment raises administrative problems of great complexity, because it would include arms produced abroad under the offshore procurement program. There would be no practical way of distinguishing a rifle produced under an offshore procurement contract from a rifle of the same type produced under some other arrangement.

The committee therefore agreed to a provision which would apply only to arms of United States manufacture and would—

prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms of United States manufacture, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar arms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

The committee calls particular attention to the use of the phrase "military firearms." This is deliberate, because the Defense Department includes military vehicle and tank parts within the definition of "arms or ammunition." The committee intends this amendment to refer only to guns and not to parts of vehicles that may, or may not, carry guns. Many of these parts are equally usable in civilian vehicles, and the committee does not want to interfere with trade in these items.

The committee amendment will prevent the commercial importation into the United States, for civilian sale, of American rifles which may become surplus abroad. It will not affect the import of foreign-made rifles. Section 414 now provides ample authority to control these imports insofar as they involve world peace and security and United States foreign policy. Insofar as they involve foreign competition with a domestic industry, administrative remedies are open to the industry under the Reciprocal Trade Act.

The committee raised the question as to the legal effect of the passage of this arms amendment on outstanding licenses and purchases. The committee was informed by the executive branch as follows:

Licenses issued prior to the passage of the bill would remain valid until the expiration date. Issuance of licenses after the passage of the bill but before implementing regulations are published would be limited to those cases where purchases were completed before the bill was passed.

K. ATOMS FOR PEACE (SEC. 8 (n))

This subsection amends section 419 (a) of the act to authorize appropriation for fiscal 1959 of \$5.5 million for "assistance designed to promote the peaceful uses of atomic energy abroad." Last year \$7 million in new money was authorized, but only \$4,450,000 in unobligated balances was appropriated.

The program proposed for 1959 includes \$3.5 million for research reactors, \$1.7 million for research and training equipment, and \$300,000 for technical and advisory services.

L. MALARIA ERADICATION (SEC. 8 (o))

Section 420 of the act authorizes assistance to other peoples in their efforts to eradicate malaria. For fiscal 1958, there was authorized to be used for this purpose not more than \$23.3 million of funds made available under the act other than those for military assistance and the Development Loan Fund. Section 8 (o) of the bill amends this

section to provide an open-ended authorization, both as to amounts and fiscal years, to use mutual security funds for this purpose other than funds for military assistance and the Development Loan Fund.

This program is part of a worldwide, 5-year effort which, by 1962, will have cost a total of \$520.7 million. It is contemplated that the United States will contribute a total of \$113.9 million of this amount through the mutual security program.

The United States contribution proposed for fiscal 1959 is \$25.6 million, which will be taken from special assistance funds. Of the total, \$19.6 million will be used in bilateral programs, \$3 million will be contributed to the World Health Organization, and \$3 million to the Pan American Sanitary Organization.

To the extent that American made drugs are used in this and other health programs, it seems desirable that the administration explore the possibilities of arrangements under which these drugs would be clearly labeled as to origin.

15. GENERAL PROVISIONS (SEC. 9, 10, AND 11)

A. CONGRESSIONAL USE OF FOREIGN CURRENCIES (SEC. 9 (a))

Section 502 (b) of the act now provides that foreign currencies owned by the United States shall be made available to congressional committees carrying out their legislative oversight duties under the Legislative Reorganization Act. The law requires committees using such currencies to make full reports to the House Administration Committee and to the Senate Appropriations Committee.

The House bill amended this section to require that foreign currency used by congressional committees be charged against amounts available to the committee in question from the contingent fund. The House amendment prohibited use of foreign currency in excess of a committee's total authorization for expenditure from the contingent fund, and further made foreign currency subject to all the requirements applying to dollar expenditure.

The committee was furnished with a memorandum from the financial clerk of the Senate explaining in detail that the House language would not be workable as applied to Senate committees and to the regulations and procedures of the Senate Disbursing Office, which differ from those in the House.

The committee, however, was favorably inclined to what it understood to be the intent of the House amendment—namely, to provide a greater degree of control over congressional expenditures of foreign currencies. The committee realized that there are grounds for dissatisfaction with the manner of compliance with the present requirement of a "full report." After thorough consideration of the problem, the committee agreed to an amendment to section 502 (b) establishing the following procedures:

1. Each committee member or employee who uses foreign currencies is to make an itemized report to the committee chairman. The report will be in accordance with regulations prescribed by the committee and will show the amounts in dollar equivalent values of each foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes.

2. The chairman of each committee annually will make to the House Administration Committee or to the Senate Appropriations

Committee a consolidated report which will show the total itemized expenditures of the committee as a whole during the preceding calendar year.

3. This report in turn is to be published in the Congressional Record.

The committee is of the opinion that this procedure is a fair and workable one. Under it, foreign currencies will continue to be made available as at present for the legitimate foreign expenses of congressional committees. At the same time, the procedure should serve to prevent waste and to reassure the public that congressional travel abroad is in fact in the national interest.

B. SHIPPING OF FRESH FRUIT (SEC. 9 (b))

This subsection exempts sales of fresh fruit and its products under the Mutual Security Act from the requirement that 50 percent of mutual security shipments move in American vessels. The new provision will make the Mutual Security Act conform to the requirements and exemptions of the Agricultural Trade Development and Assistance Act (Public Law 480).

C. PRICES OF COMMODITIES (SEC. 9 (c))

The present law, in section 510, prohibits the use of defense support or title II funds for bulk purchases of commodities at prices higher than the market price prevailing in the United States. Since this requirement was put in the law, title II has been transformed from development assistance, much of which was once on a grant basis, to the Development Loan Fund, which is entirely a businesslike lending operation. The same requirements which were appropriate as to the use of grants are not appropriate as to the use of loans. Section 9 (c) accordingly amends section 510 of the act to delete title II from the prohibition cited above.

D. OFFSHORE PROCUREMENT (SEC. 9 (c))

The present law in section 510 authorizes the use of specified non-military assistance funds for the procurement of commodities outside the United States—

unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad.

In view of the economic situation which exists in the United States and which is substantially different from that which existed at the time this provision was enacted, the committee adopted an amendment prohibiting, with certain exceptions, the use of nonmilitary assistance funds (other than the Development Loan Fund) for offshore commodity procurement.

The exceptions to this prohibition are that not more than 50 percent of this amount may be used for offshore commodity procurement if the President determines that such procurement will not

result in adverse effects upon the domestic economy, again with special reference to labor surplus areas, or upon the industrial mobilization base, outweighing the economic advantages of procurement abroad and also outweighing any advantages to the United States national interest resulting from procurement abroad.

The effect of this amendment is to reverse, with respect to 50 percent of the funds in question, the procedures now required in regard to offshore procurement. Under existing law, the International Cooperation Administration may, and does, engage in free world procurement in the absence of a specific finding to the contrary by the President. Under the proposed committee amendment, ICA cannot engage in such procurement in the absence of a presidential finding. Further, under the amendment, in no case can ICA engage in free world procurement to the extent of more than 50 percent of the funds in question.

In the opinion of the committee, this is a reasonable adjustment of the legitimate and conflicting interests involved in this problem.

In view of the committee's action on this amendment, the committee bill does not contain provisions of the House bill relating to the same subject.

E. FOREIGN DEBT RETIREMENT (SEC. 9 (d))

This subsection transfers to the Mutual Security Act, as section 516, a provision which has been carried for 5 years in mutual security appropriation acts and which prohibits the use of mutual security or counterpart funds to retire the debts of foreign governments. Placing this provision in the permanent law will make it unnecessary to reenact the same language annually in appropriation acts.

F. MILITARY PERSONNEL ALLOWANCES (SECS. 10 (a) AND 11 (b))

Article I, section 9, clause 8 of the Constitution of the United States requires the consent of Congress for any officer of the United States to accept emoluments of any kind from any foreign state. Under the authority of existing law (10 U. S. C. 712) military officers of the United States serving as members of military missions to Latin American governments are authorized to accept compensation and other benefits directly from such governments. This authority was in the law for many years prior to the inauguration of the mutual security program. Although the records are not clear as to the reasons which prompted Congress to enact such authority in the first place, the committee is of the opinion that it is exceedingly bad practice for American military officers to be paid by the United States and by foreign governments simultaneously, even by governments with which the United States is as closely associated as it is with those of Latin America. It is worse practice when those officers, as is now frequently the case, perform functions under the Mutual Security Act so that they are in the position of recommending to the United States Government the amount and character of military assistance which should be furnished to the foreign government to which they are assigned and from which they receive benefits.

In order to put a stop to this practice the committee adopted two amendments. One of them (sec. 10 (a)) provides that, notwithstanding any other provision of law, no officer or employee of the United

States performing functions under the Mutual Security Act may accept any compensation or other benefits from any foreign nation.

The other (sec. 11 (b)), which will not take effect until 1 year after the enactment of the Mutual Security Act of 1958, rewrites the aforementioned section 712 of title 10 of the United States Code to eliminate authority for members of the Armed Forces to accept offices, compensation, or emoluments from Latin American governments.

In both cases, it is provided that arrangements may be made by the President with other nations for reimbursement to the United States or for other sharing of the costs involved. This provision is designed to authorize bilateral arrangements under which other governments would share the costs involved in maintaining military or other mutual security missions.

It is expected that these cost-sharing arrangements will be modeled after those presently in effect with many countries receiving assistance. Foreign countries put agreed amounts of their currency at the disposal of the United States to meet housing, transportation, and other expenses, or they make contributions to the United States Government in kind to the same end. Thus, under the amendment, although a United States employee may benefit indirectly from the contribution of the foreign government, he will not do so directly. The amendment allows a year within which the present arrangement with respect to military missions shall be shifted over to new arrangements free of the present danger of conflicting interests.

G. RENT IN DISTRICT OF COLUMBIA (SEC. 10 (b))

Section 537 (a) (1) of the act authorizes appropriations to be used for payment of rents in the District of Columbia for the fiscal year 1958. Section 10 (b) of the bill deletes the reference to the fiscal year, so as to provide permanent authority for the payment of rent.

H. HOUSING AND FACILITIES ABROAD (SEC. 10 (b))

In 1956, Congress authorized the use of up to \$12 million of Korean aid funds for the construction or acquisition of "essential living quarters, office space, and supporting facilities" for personnel assigned to Korea under the act. In 1957, the ceiling was raised to \$18 million. Section 10 (b) of the bill would further amend the act, in section 537 (c), to raise the cumulative ceiling to \$26 million. The bill would also make available \$2,750,000 for the same purpose in other countries out of aid funds for those countries. The language of the amendment would make it clear that this authority is not contingent upon a separate authorization in a military construction act.

The additional Korean aid funds made available for facilities in that country should make it possible to complete the program originally contemplated. It is intended to use the \$2,750,000 authorized for other countries as follows:

Libya.....	\$280, 000
Nigeria.....	480, 000
Sudan.....	300, 000
Yemen.....	150, 000
Taiwan.....	33, 000
Laos.....	1, 000, 000
Indonesia.....	200, 000
Reserve for worldwide contingencies.....	307, 000
Total.....	2, 750, 000

I. CONTINUATION OF UNEXPENDED FUNDS (SEC. 11 (a))

This subsection makes a technical amendment in section 543 (d) of the act so as to continue available unexpended funds hitherto appropriated for aid to joint control areas under section 403. The amendment is necessary because H. R. 12181 repeals section 403. The same section makes another technical amendment providing that, until June 30, mutual security funds may continue to be used in accordance with existing provisions of law. This is to take care of the possibility that this bill may be enacted before June 30.

J. DEFINITIONS (SEC. 11 (c))

This subsection makes technical changes in the definitions, contained in sections 545 (j) and (k) of the act, of "agency administering non-military assistance" and "officer administering nonmilitary assistance." The changes are consequent upon incorporation of the Development Loan Fund and its separation from the International Cooperation Administration.

16. AMENDMENTS TO OTHER LAWS (SEC. 11 (b))

A. REPEAL

Subsections 544 (b) and (c) of the act, which were enacted last year and which amend other laws, are repealed. Section 544 (b) raised the ceiling on United States contributions to the Food and Agriculture Organization from 31.5 percent to 33.33 percent of the total contributions. Section 544 (c) amended section 104 (h) of the Agricultural Trade Development and Assistance Act (Public Law 480) to require a "special and particular effort" to be made to set aside Public Law 480 foreign currencies amounting to not more than \$1 million a year for not more than 5 years in any one country for the Fulbright educational exchange program.

Section 11 (b) of the bill specifically provides that the deletion of these subsections 544 (b) and (c)—

shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended.

B. GOVERNMENT CORPORATION CONTROL ACT

Section 101 of the Government Corporation Control Act is amended to include the Development Loan Fund among the list of corporations to which that act applies. This is necessary in order to make the Corporation Control Act conform to the provisions of section 204 (c) of the Mutual Security Act which, as amended by H. R. 12181, specifies that the Fund will be subject to the Control Act.

C. DEFENSE BASE ACT AND WAR HAZARDS COMPENSATION ACT

Section 11 (b) of the bill also adds two new subsections, (c) and (d), to section 544 of the act. These new subsections, respectively, apply some of the provisions of the Defense Base Act and of the War Hazards Compensation Act to mutual security program employees.

The Defense Base Act extends the coverage of the Longshoremen's and Harbor Workers' Compensation Act to employees on specified classes of Government projects. It also provides that the Secretary of Labor, in his discretion, may waive this coverage on the recommendation of a department or agency head. The amendment contained in H. R. 12181 would further extend this coverage to United States citizens employed outside the continental United States under contracts financed under the Mutual Security Act except those under the Development Loan Fund. Employees of contractors engaged exclusively in furnishing materials or supplies would not be covered.

The Longshoremen's and Harbor Workers' Compensation Act requires employers to pay disability and death benefits to their employees. Rates are based on average weekly wages, with a minimum compensation of \$18 a week and a maximum of \$54 a week.

The War Hazards Compensation Act provides compensation during internment by the enemy and likewise provides compensation for injury or death resulting from war-risk hazards. This latter compensation is the same as that provided for civilian Government employees injured or killed while actually engaged in the course of their employment.

H. R. 12181 would extend this coverage to two classes of mutual security program employees:

- (1) Employees under contracts financed under the act (other than through the Development Loan Fund) if no compensation is provided under the Defense Base Act; and

- (2) A person engaged under a mutual security program contract for his personal services outside the United States. Development Loan Fund contracts are again excepted.

This coverage may be waived in the discretion of the Secretary of Labor on the recommendation of a department or agency head, in cases where the United States is not a formal party to the contract.

D. STATE DEPARTMENT ORGANIZATION

There is created in the Department of State the Office of Under Secretary of State for Economic Affairs, to be filled by Presidential appointment, by and with the advice and consent of the Senate. The salary is fixed at \$22,000 a year and provision is made for the person now holding the position of Deputy Under Secretary of State for Economic Affairs to be appointed Under Secretary for Economic Affairs without further reference to the Senate.

The effect of this amendment will be to upgrade from Deputy Under Secretary to Under Secretary the official in the Department of State, now Mr. C. Douglas Dillon, who is responsible for economic matters. This upgrading is desirable, in the committee's view, in order to assert further the authority of the Department of State over the activities of the International Cooperation Administration. This action is in line with the long-established policy of the Congress, reflected in many provisions of existing law, that the mutual security program is an integral part of the foreign policy of the United States and, as such, should be directed and controlled by the Department of State.

This change in State Department organization will also serve to correct the incongruous situation now existing in which the Director

of the International Cooperation Administration outranks the Deputy Under Secretary of State for Economic Affairs. It will serve further to emphasize that the Director of the International Cooperation Administration is subordinate and responsible to the Secretary of State and the Under Secretary for Economic Affairs.

E. MUTUAL DEFENSE ASSISTANCE CONTROL ACT

The bill contains an amendment to the Mutual Defense Assistance Control Act of 1951 (the so-called Battle Act), the first amendment to that act since it was approved on October 26, 1951. The Battle Act divides the nations of the world into two categories, those under the domination of the Soviet Union and those nations not under such domination. Although this division of the nations of the world may have reflected the situation in 1951 when the Battle Act was enacted, it is clear that the division oversimplifies the situation now.

A number of important developments within the Communist bloc have taken place since 1951. Communist China has become a significant power within the Communist movement. The apparent monolithic solidarity of the satellite countries has proved in some cases to be synthetic. A series of cracks has appeared in the Iron Curtain. There is conclusive evidence that the subject peoples in Eastern Europe have never fully accepted communism. In Hungary a spontaneous attempt at armed rebellion was made which was put down only by full-scale armed intervention by the Soviet Union. In Poland the hostility of the people toward the Soviet Union and the Communist system has become increasingly manifest. It has become clear that the satellite states vary considerably in the degree of Communist control enforced, the degree of acceptance of Communist ideology, and the extent to which contact with the non-Communist world has been established.

Thus it is now apparent that, in addition to nations dominated completely by the Soviet Union and nations free of such domination, there is a third category of nations in the process of moving away from Communist control and establishing some measure of independence. Some nations have barely made a start in this direction. Some have already achieved an important measure of independence, and some have obtained a full measure of political independence but continue to be economically dependent upon the Soviet Union or Communist China.

It is this new category of nations to which is addressed the policy contained in the proposed Battle Act amendment. The policy objective is to help the freedom-loving peoples of Eastern Europe and other areas to achieve greater political, economic, and social freedom by means short of either civil war or international war. Among the means contemplated by such a policy is the provision of economic and financial assistance to the civilian economies of such countries. The amendment would not permit the furnishing of military assistance.

Part (a) of the amendment provides that when the President determines that economic or financial assistance to any nation except the Soviet Union, Communist China and North Korea will strengthen the security of the United States by enabling freedom-loving peoples of such nation (a) to achieve a measure of political, economic, and social freedom from Sino-Soviet domination or control; (b) to

strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination or control; or (c) to reduce their economic dependence on the Sino-Soviet bloc in keeping with their already established political independence, the other provisions of the Battle Act shall not be a bar to such assistance. The amendment requires the President to report immediately any determination made pursuant to this new section to appropriate committees of the Congress.

Part (b) of the amendment deals with the treatment to be accorded nations of the free world which trade with nations receiving economic or financial assistance from the United States pursuant to part (a) of the new section. Under existing law all military, economic, or financial assistance to a free nation must be cut off if it makes shipments of items of strategic significance—other than arms, ammunition, implements of war and atomic energy materials—to nations under the domination of the Soviet Union; provided, that the President can continue assistance to free nations under such circumstances if he determines that cessation of aid to such free nations would be detrimental to the security of the United States. Part (b) of the proposed new section of the Battle Act would permit the Administrator of the Battle Act—who is the Deputy Under Secretary of State for Economic Affairs—to make a similar determination in the case of shipments by free nations of strategic items—other than arms, ammunitions, implements of war and atomic energy materials—to any nation receiving economic or financial assistance pursuant to subsection (a) of the new section of the Battle Act. The committee expects that the Administrator will report to appropriate committees of the Congress when he takes such action.

The committee is fully aware of the importance of the policy change which underlies the proposed new section of the Battle Act. It is well aware of the risks of such a policy, but this is the area of maximum vulnerability of the Soviet Empire. The committee believes that the risks are outweighed by the increased chance for world peace which may result if the United States can help some countries within the Communist bloc gradually to loosen their bonds.

F. INTERPARLIAMENTARY UNION

The authorization for the contribution of the United States to the Interparliamentary Union is increased from \$15,000 to \$18,000 a year. The assessment of the United States for the Interparliamentary Union has been at the rate of \$18,000 a year for several years. It has been met through appropriations which were not authorized and might therefore be subject to points of order.

Separate legislation to increase the authorization passed the Senate in 1956 and again in 1957. In view of this fact, the committee was glad to adopt the provision of the House bill accomplishing the same purpose.

G. NATO PARLIAMENTARY CONFERENCE

The bill incorporates a provision of the House bill, which authorizes a United States contribution to the North Atlantic Treaty Organization Parliamentary Conference of such sum as may be agreed upon by the United States delegation and approved by the Conference, but not more than 25 percent of the total contributions.

Existing law authorizes the United States contribution of \$6,000 a year. The calendar year 1958 budget of the Conference, as fixed by the 1957 meeting in Paris, is £40,000. Under the approved cost-sharing formula, the United States assessment is 24.2 percent of the total. For 1958, this is £9,680, or \$27,204. Both the budget of the Conference and the United States assessment were supported by the American delegation to the 1957 meeting. In its report on this meeting, the Senate delegation recommended that the Senate approve legislation raising the ceiling on the United States contribution. This subsection of the bill carries out that recommendation.

H. UNESCO NATIONAL COMMISSION

The bill retains a provision adopted by the House which would authorize the National Commission on Educational, Scientific, and Cultural Cooperation to accept gifts to carry out its work, up to a maximum of \$200,000 a year. For tax purposes, the gifts are to be considered gifts to the United States.

The UNESCO National Commission was created by the joint resolution providing for United States participation in the United Nations Educational, Scientific, and Cultural Organization. The constitution of UNESCO provides for such a body in each member state. The United States National Commission consists of not more than 100 members appointed by the Secretary of State for 3-year terms. Its functions are to consult with the Department of State and to call general conferences for discussion of matters relating to the activities of UNESCO. The Commission does not receive appropriated funds except that the Department of State pays the expenses of experts attending its conferences.

This subsection is designed to make it possible for the Commission to expand its work through cooperation with private agencies who would underwrite some of its activities.

Such authority was requested by the administration in 1955. It was not considered by the committee because of the committee's belief that its tax aspects required it, under the Constitution, to originate in the House. Now that it has been provided in a House bill, the committee is glad to add its endorsement.

I. INTERNATIONAL LABOR ORGANIZATION

The bill retains a provision of the House bill which amends the authorization for United States contributions to the International Labor Organization by removing the dollar ceiling and inserting a limitation of 25 percent.

Existing law provides a dollar ceiling of \$1,750,000, with no percentage limitation. The Senate passed a bill in 1956 increasing this ceiling to \$3 million with a 25-percent limitation and a proviso regarding participation by Communist delegates in the International Labor Organization.

Again in 1957, the Senate passed a bill increasing the authorization to \$2 million, this time without percentage or other limitation.

The committee is inclined to the view that a percentage limitation is preferable to a dollar ceiling on United States contributions to international agencies. A percentage limitation enables the budgets of these organizations to be expanded on a sound basis provided the

other members are willing to meet their share of the cost. In view of this fact and the further fact that the Senate has twice before approved some sort of increase in the United States contribution to ILO, the committee deems it appropriate to agree with the House action in this instance.

J. FOREIGN SERVICE OFFICERS

The bill amends the Foreign Service Act of 1946, as amended, to deal with a general problem of Foreign Service personnel administration as well as a particular application of that problem. The general problem is caused by the fact that the holding of two Government offices simultaneously is prohibited by law. Section 571 (c) of the Foreign Service Act provides an exception to this general principle in order to permit Foreign Service officers to retain their status as such when they are appointed by the President with Senate confirmation to positions in the Department of State, such as to the position of an Assistant Secretary of State. The exception provided by section 571 (c) of the Foreign Service Act is limited to Presidential appointments to positions within the Department of State and does not permit Foreign Service officers to be appointed by the President to positions outside the Department of State and still retain their Foreign Service status.

Recently when the President desired to appoint Foreign Service Officer George V. Allen to the Office of Director of the United States Information Agency, Mr. Allen was obliged to choose either resignation or retirement from the Foreign Service in order to accept the appointment. Mr. Allen decided to retire from the Foreign Service. The committee believes that the exception in section 571 (c) of the Foreign Service Act to the general prohibition against dual office holding should be broadened to permit Foreign Service officers to retain their status when appointed by the President to any position requiring confirmation by the Senate. In addition, the committee believes that this change should be made retroactive so as to restore Mr. Allen to the Foreign Service in such a way as to treat him as if he had never been obliged to retire from the Service to become Director of USIA.

The first part of the amendment changes section 571 (c) of the Foreign Service Act of 1954, as amended, to permit Foreign Service officers to be appointed by the President, by and with the advice and consent of the Senate, to any position without losing their status as Foreign Service officers.

The second part of the amendment, applicable only to Mr. Allen, restores him to the Foreign Service and allows him to receive back the contribution which he made to the Foreign Service retirement fund at the time he was obliged prematurely to resign from the Foreign Service. In all other respects Mr. Allen will be treated under the amendment as if he had never been off the active Foreign Service roster.

K. WORLD HEALTH ORGANIZATION

The bill adds a new section 6 to the act authorizing United States participation in the World Health Organization. The new section recognizes that the—

diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent in the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions.

It is declared to be the policy of the United States—

to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer.

Finally, in furtherance of this policy, the World Health Organization is invited to—

initiate studies looking toward the strengthening of research and related programs against heart disease, cancer, and other diseases common to mankind or unique to individual regions of the globe.

The policy statement in this section is of broader application than, but is similar to, that which is already contained in section 420 of the Mutual Security Act in regard to malaria. It seemed to the committee desirable to broaden the expression of congressional interest in the conquest of debilitating diseases. It will be recalled that in his State of the Union message, the President invited the Soviet Union to join in the worldwide malaria eradication program and then added:

Indeed, we would be willing to pool our efforts with the Soviets in other campaigns against the diseases that are the common enemy of all mortals—such as cancer and heart disease.

The amendment does not provide any additional funds. The United States contribution to the World Health Organization is limited by law to one-third of the Organization's assessed budget. The committee is hopeful, however, that the Organization will broaden its activities in the field of research in accordance with a sound and well-thought-out program.

L. SCIENTIFIC ACTIVITIES ABROAD

The bill adds to section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480) a new subsection (k) which would make it possible to use foreign currencies accruing under title I of Public Law 480 to—

collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas.

It is specified that these activities could include—

programs and projects of scientific cooperation between the United States and other countries, such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe.

Activities of the kind authorized by the amendment seem to the committee to hold great promise. There is, for example, great need in the United States for translations and abstracts of scientific works

published abroad. There is equal need abroad for such works published in the United States. There are many excellent scientific institutions abroad which could do even more effective work if they could receive even marginal increments in funds, and these funds are frequently available, in local currencies, as a result of operations under Public Law 480. Obvious possibilities are raised of fruitful collaboration between the American and foreign scientific communities. This collaboration should be advantageous not only in terms of its scientific results but also in terms of better people-to-people understanding. This is perhaps particularly true in regard to medical research.

The amendment does not in itself make funds available. It simply authorizes the use of Public Law 480 foreign currencies for the purposes stated. The amendment leaves to the President the question as to which executive agencies will administer these programs. However, it is contemplated that the National Science Foundation might be a principal collating and disseminating agency of general scientific information and that the Public Health Service would be active in regard to collecting, translating, and disseminating medical information.

M. INFORMATIONAL MEDIA GUARANTIES

The bill contains an amendment to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended. This amendment will provide a method of financing future operations of the informational media guaranty program. The amendment is necessary because the informational media guaranty program (IMG) will soon exhaust its capital fund. The particular method of financing further IMG operations which has been chosen was that recommended by the Subcommittee on State Department Organization and Public Affairs of the Committee on Foreign Relations, which conducted a study of the operations of the IMG program in the latter part of 1957. The subcommittee's report was published on January 16, 1958, as Senate Report No. 1178 (85th Cong., 2d sess.).

The informational media guaranty program has been operating since 1948. Its purpose is to make it possible for American businessmen to sell books, periodicals, films, and other informational material in foreign countries where economic conditions are such that United States dollar exchange is very short and where, for this reason, imports of informational media from the United States would be drastically reduced if the United States Government did not assist the exporters by guaranteeing the convertibility of proceeds from the sale of informational materials. The program is currently operating in 12 countries: Austria, Burma, Indonesia, Israel, Pakistan, Philippines, Poland, Spain, Taiwan, Turkey, Vietnam, and Yugoslavia.

Since 1948 the IMG program has issued guaranties totaling \$51.6 million, against a capital fund in the form of an authority to borrow from the Treasury up to \$28 million.

The program works in the following way. The American exporter sells informational materials to a foreign importer and the foreign currency thus obtained is exchanged for dollars by the United States Information Agency which administers the program. Most of the foreign currencies thus acquired are sold by the Department of the Treasury to other Government agencies for their program needs. The

dollars thus obtained in turn become available to back the issuance of additional guaranty contracts.

Against the original \$28 million authority, \$13 million had been borrowed from the Treasury and used to convert local currency to dollars through June 30, 1957. Each dollar of guaranties issued must be backed up by a dollar in unused borrowing authority, and as of June 30, 1957, \$9.6 million of unused borrowing authority was committed in this way. Therefore, as of this date, only \$5.4 million of the \$28 million in borrowing authority was available to apply against new contracts. Since the program is currently making about \$13 million worth of new guaranties each year, it is apparent that unless the capital fund is replenished during the current session of Congress, the guaranty will be exhausted sometime during the fiscal year 1959.

Because the informational media guaranty program operates only in countries where foreign currency earnings are not readily convertible into dollars, the program is bound to sustain losses. The losses are due to three main causes. First, some foreign currencies acquired under the program must be sold at a lower rate of exchange than the rate at which they were purchased from American exporters. Second, the Treasury has accumulated local currencies from some countries in amounts in excess of United States Government needs. Since these currencies cannot be readily sold, the IMG capital fund does not recover the dollars paid for these currencies. Finally, in a few countries the United States has been obliged to agree to certain conditions which make it difficult to turn the currencies into dollars.

Under the proposed amendment to the guaranty authority there would be authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the guaranty program capital. The term "realized impairment" is defined in the amendment. As an example of the formula used to compute "realized impairment" the following table shows the total impairment to the IMG program capital as of June 30, 1957:

1. Losses on foreign currencies sold.....	\$2, 252, 015
2. Cost of foreign currencies determined to be unavailable or in excess of U. S. Government needs.....	9, 780, 418
3. Foreign currencies transferred to other accounts without reim- bursement.....	0
4. Interest payable on notes.....	767, 783
5. Less:	
(a) Fees collected.....	\$665, 009
(b) Proceeds from sale of foreign currency received as interest on bank deposits.....	0
	<hr/> 665, 009
6. Impairment to June 30, 1957.....	12, 135, 207
7. Less prior restoration by appropriation.....	0
8. Subject to appropriation.....	<hr/> 12, 135, 207

Although the foregoing table shows that realized impairment of the IMG capital as of June 30, 1957, was \$12,135,207, the executive branch is asking for an appropriation of only \$8 million for the fiscal year 1959. This figure was arrived at on the basis of a calculation that this amount would replenish the IMG capital fund to the extent necessary for the IMG program to continue over the next 2 fiscal years to operate at the rate of about \$13 million each year in new guaranties. It is important that the program be financed at least

1 year beyond the current year of operations in order that private United States exporters of informational materials can reasonably make their plans and in order that the program will have a sufficient reserve to undertake programs in new countries if necessary or to expand operations where the national interest requires it.

As appropriations are made annually on the foregoing basis, the proposed amendment contemplates that the appropriations will be transferred to the Secretary of the Treasury in payment of the interest and principal on the notes which have been assumed by the United States Information Agency to finance previous IMG operations. To the extent that these notes are repaid USIA, will be authorized to issue new notes to finance continuing operations under the program. This will be done only when necessary to replenish the IMG revolving fund.

The Subcommittee on State Department Organization and Public Affairs, in its report on the informational media guaranty program referred to above, pointed out that one of the shortcomings of the administration of the IMG program had been that USIA had not set country ceilings nor priorities as between various informational media which would have kept a proper balance among the several country programs and the various types of informational materials.

The subcommittee expressed gratification that USIA intended to establish country ceilings "on the basis of the priority of the country for purposes of accomplishing Agency aims and objectives." For a brief period the USIA interpreted the phrase "Agency aims and objectives" as meaning that the size of the IMG program in a country had to bear a close relationship to the size of the USIA program in that country. This was too narrow a definition; USIA aims are the same as those of other Government agencies. USIA has now correctly decided that the size of a country program is to be determined by the national interest to be served by promoting the flow of American informational materials into that country. The IMG program serves a variety of United States foreign policy objectives. It supports and supplements the activities of USIA, but it also contributes substantially to other overseas programs of the United States designed to promote economic development, educational progress, and cultural relations.

The committee believes that the aforementioned policy of the United States Information Agency and the new financing arrangements contemplated by the bill will contribute to the continuing success of a most valuable program.

17. WESTERN HEMISPHERIC COOPERATION (SEC. 12)

An amendment agreed to by the committee expresses the sense of the Congress that—

in view of the friendly relationship and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen co-operation in the Western Hemisphere to the maximum

extent by encouraging joint programs of technical and economic development.

The committee was moved to adopt this amendment by its desire to give some special indication of its feeling that greater efforts should be made to strengthen hemispheric cooperation through joint development programs. The committee is not now prepared to specify additional programs or the precise actions which should be taken. However, the committee does think it would be useful for the Congress to encourage the executive branch in seeking ways and means of carrying out the objective of the amendment. The committee also hopes that the amendment will serve as an indication of the friendly feelings which the Congress holds toward the other nations of this hemisphere, nations which have traditionally shared so many common ideals.

INDIVIDUAL VIEWS OF MR. MORSE ON H. R. 12181

I voted for H. R. 12181, as amended, in the Foreign Relations Committee, reluctantly, and only because I believe that a foreign aid program is necessary to promote the national interests of the United States and because it was apparent that H. R. 12181, as amended, was the best bill that the Foreign Relations Committee would approve. But the bill should be further improved on the floor of the Senate, particularly in regard to its treatment of military assistance, defense support, Latin America, and departmental organization.

OVEREMPHASIS ON MILITARY AID

The emphasis on military aid in this legislation is still too heavy. It is almost as though the United States had never heard Communist boss Khrushchev state publicly that his country was declaring economic war upon the United States, because in this bill we continue an obsolete emphasis upon military power when the real issue at stake is one of economic development and progress in Asia, Africa, South America, and the Middle East.

The reduction of \$235 million which the committee made in the combined total of military assistance and defense support, is grossly inadequate. I voted in committee for a higher cut of \$550 million and when this failed I supported the \$235 million cut as the best that could be done. These items should be further reduced on the floor.

American foreign policy for years has been much too heavily military in its emphasis. This fact, in my judgment, is largely responsible for the steady erosion of free world prestige and influence in Asia and Africa and for the steady accretion of Soviet influence in those areas. It is unsound to devote more than two-thirds of American military assistance to the Far East, Near East, and south Asia, and only about one-quarter to Europe.

I support military assistance to Europe, where there is the institutional and economic base to make military assistance successful. I am disturbed that more progress has not been made in meeting NATO force goals. But to pour enormous quantities of weapons into such countries as Pakistan and Iran is not only wasteful; it is positively harmful to our world position.

It must be remembered that defense support is a form of military aid and must logically be regarded as military assistance. Last year Congress redefined "defense support" to separate it from economic development assistance. It was redefined to consist of "commodities, services, and financial and other assistance *specifically* designed to sustain and increase military effort." The addition of the word "specifically" made clearer the military support purpose of this assistance which is economic in nature.

Thus, military assistance and defense support must be considered together, since they have for their purpose the strengthening of

military establishments, and not the economic development of the recipient countries.

Seventy-eight percent of the money in this bill is for the strengthening of military establishments. Even when combined with the economic loan program already authorized, military purposes under this bill will account for 65 percent of the total in this year's program. About 45 percent of the combined authorized foreign aid would be for military items alone.

In a day when the Soviet Union has recognized what we should have recognized long ago—the urgency of improved living standards for the masses of the world's people—it is wasteful and shortsighted for the United States to continue such heavy emphasis upon military assistance in our foreign aid program. It is particularly wasteful and shortsighted in its application to non-NATO countries.

Moreover, all the aid in this bill is in the form of grant. Only the economic assistance from the previously authorized Development Loan Fund is expected to be recouped. While our contributions for United Nations technical assistance, bilateral assistance, for refugee programs, for the United Nations Children's Fund and atoms for peace are highly desirable grants, they account for only 7 percent of this bill, and 6 percent of the foreign aid program.

Since \$625 million is authorized for the Development Loan Fund, it will be seen that 16 percent of this year's foreign aid is in loan form for economic development, and 65 percent is in grant form for military establishments under this bill.

I would vote much more enthusiastically for a bill that reversed those percentages to a rate somewhere near 75 percent in loans and 25 percent in grants.

FOREIGN AID LACKS CLARITY OF OBJECTIVE

Actually, defense support is a hodgepodge which is misleading to the point of being deceptive. In part, it is military aid disguised as economic aid. This is the case in countries where defense support is used to finance commodity imports which are sold for local currency which, in turn, is used to pay local troops. The net result is that the United States is paying for foreign armies. To put it more bluntly, we are hiring foreign mercenaries. This is a great deal different than supplying military equipment to dependable allies. History is replete with examples of the unreliability of mercenaries, and there is no reason to think the lessons of history have suddenly become invalid.

In part, defense support is also economic aid disguised as military. This is the case in countries where it is used to pay for the exploration and development of mineral resources, for the development of electric power production, for the improvement of transportation facilities, and even for such things as sanitary facilities and vocational education teacher training. It is nonsense—worse, it is deceptive—to carry out these projects under the guise of a military program.

The category of defense support—which, in the administration's request, amounts to \$835 million a year—badly needs a thorough overhauling. The Special Committee To Study the Foreign Aid Program recommended last year that defense support be abolished as a separate category of aid. Every member of the Foreign Relations

Committee was a member of the special committee. Yet the Foreign Relations Committee continues to recoil from the logic of what it recommended when sitting as the special committee.

The least that could be done on the Senate floor would be to reduce defense support sufficiently to squeeze out the most objectionable part of it—namely, the pay of foreign mercenaries. Military assistance should also be further reduced, both to reorient the emphasis of the mutual security program and to curb the administration's tendency to arm too many dictators around the world for no reason other than that they are said to be "anti-Communist."

LATIN AMERICAN PROGRAM SHOULD BE ALTERED

The scope and emphasis of the mutual security program should be drastically altered in regard to Latin America. The committee took a great step forward in this direction in adopting my amendment stating that internal security requirements shall not normally be a basis for military assistance to Latin America and further requiring the President annually to review the program to make sure that it is, in fact, based on hemispheric defense plans. This is really nothing more than a reaffirmation of what is already the law, but it will have, I hope, a salutary effect. The administration has drifted far afield from the present requirements of the law.

Secretary of Defense McElroy testified before the Foreign Relations Committee that—

* * * the program for Latin America * * * is primarily for the purpose of the maintenance of internal security and also a very modest preparation for defense against any incursion from offshore. I suppose the maintenance of internal security could be said to involve some of the internal conflicts which seem to plague that part of the world, but it is important to this country that internal security should be maintained for the interests of our country militarily, and that is the reason that there is this very modest program down in that part of the world. (Hearings, p. 24.)

My amendment stating that "internal security requirements shall not normally be the basis for military assistance programs to American Republics" was offered with the intent of eliminating that consideration from hemispheric defense plans.

When the executive branch commented on my amendment, it said it "would not oppose this amendment, though it should be noted that grant military assistance programs for Latin America have consistently been, and indeed are required by law to be, based on hemispheric defense plans."

This is an accurate statement of the law, but I do not think it is an accurate statement of the facts, and the best witness to support that conclusion is the Secretary of Defense himself who in a moment of candor plainly admitted to the committee that military assistance programs for Latin America were "primarily for the purpose of the maintenance of internal security."

The way military assistance has been carried out in Latin America has a great deal to do with the difficulties into which we have fallen in that part of the world. What this administration seems unable to realize is that not every revolutionary is a Communist.

State Department officials have testified time and again to our committee that the United States must not intervene or interfere in any way in the internal affairs of our South American neighbors. Yet military assistance aimed primarily at preserving internal security is the most direct kind of intervention. That it is intervention on behalf of the status quo does not change that fact. Unfortunately, the status quo in some of these countries has been so obnoxious and so oppressive of freedom that the United States has suffered from being associated with it.

I approve of the doctrine of nonintervention; but where we depart from it, then let us intervene on the side of human freedom. Let us intervene on the side of the tradition of Thomas Jefferson and Simon Bolivar. They are the real revolutionaries, whereas communism is a reactionary doctrine. It is one of the tragic ironies of history that the United States, which was the birthplace of the Jeffersonian ideal, has gotten so far away from it that it is the Communists who are able to pose as representing the hope for the future.

BILL CARRIES UNSOUND REORGANIZATION OF STATE DEPARTMENT

Another defect of the committee bill is its provision creating the office of Under Secretary of State for Economic Affairs. This is an upgrading of the existing office of Deputy Under Secretary for Economic Affairs.

This reorganization of the State Department, in my judgment, will create a situation which is administratively inefficient and unworkable. It flies in the face, not only of sound principles, but also of experience.

In the late 1940's, there was an office of Under Secretary for Economic Affairs. Congress abolished the office because it became convinced that this was not a sound structure for the Department of State.

We are now asked to repeat the mistake—which was once made and once rectified—of creating such an office.

What is basically wrong with this proposal has nothing to do with the individual who will hold the new office, but with principles of public administration.

There is now in the Department of State a Secretary who is the principal officer and who is responsible for the conduct of the Department. He has an Under Secretary, who acts for him when the Secretary is absent. Then there are 3 Deputy Under Secretaries—1 in charge of political affairs, 1 in charge of economic affairs, and 1 in charge of administration.

The proposal in the committee bill would create two Under Secretaries. It would separate economic affairs from political affairs at a very high level in the State Department, and this in total disregard of the fact that the two cannot be separated in foreign relations.

SPECIAL COMMITTEE RECOMMENDATIONS REMAIN TO BE CARRIED OUT

It is in these principal respects—military assistance, defense support, Latin America, and departmental organization—that H. R. 12181 should be substantially improved on the floor of the Senate. But in connection with Senate consideration of the bill, it is well to call attention again to the recommendations unanimously made last year by the Special Committee To Study the Foreign Aid Program and to

how little has been done to implement these recommendations. Here is the score sheet:

1. *Recommendation*: "The objectives of the various foreign aid programs should be separated, refined, and restated, as necessary, by the executive branch and the Congress."

Action: None. If anything, the confusion is worse.

2. *Recommendation*: "Military aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditures."

Action: A token reduction by the Foreign Relations Committee. The administration request would support continuation of the present rate of expenditures.

3. *Recommendation*: "Supporting aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditure * * *. In this connection, it (i. e., the special committee) calls special attention to the following: (1) The question of unrealistic exchange rates as they affect the cost of supporting aid; (2) the question of the adequacy of the criteria now being employed by the executive branch in determining areas of critical importance to the United States and emergency situations; and (3) the question of separating from what is now defense support that aid which in fact should be classified as development assistance."

Action: Supporting aid—which the special committee defined as grant economic aid to support United States objectives of whatever kind—has not been created as a separate aid category, but is still divided between defense support and special assistance.

Some progress has been made, administratively, in improving unrealistic exchange rates.

The criteria employed by the executive branch in determining areas of critical importance to the United States are substantially unchanged.

No progress has been made in separating from what is now defense support that aid which in fact should be classified as development assistance, with exception cited above.

4. *Recommendation*: "Technical assistance should be continued substantially as at present."

Action: This recommendation has been carried out.

5. *Recommendation*: "Economic development assistance should be put on a repayable basis through the mechanism of a development fund."

Action: This recommendation has been carried out, but the fund is inadequately financed.

6. *Recommendation*: "Military aid should be administered by the Department of Defense with foreign policy direction of this aid vested in the Secretary of State."

Action: Carried out.

7. *Recommendation*: "Responsibility for supporting aid should rest with the Secretary of State."

Action: The Secretary of State is responsible for all nonmilitary assistance.

8. *Recommendation*: "Consideration should be given to separating the administration of technical assistance and the proposed development fund from the administration of other forms of aid."

Action: H. R. 12181 incorporates the development fund and thereby gives it a measure of separateness. Technical assistance and other nonmilitary aid are still administered together.

9. *Recommendation:* "Present coordinating arrangements for interrelating foreign aid policies with other activities abroad should be reexamined by the President and the Senate and revised as necessary to insure greater effectiveness."

Action: None. It has become increasingly difficult for Congress to relate the activities of the Department of Agriculture, United States Information Agency, Export-Import Bank, and United States delegations to various international organizations, to the foreign aid program.

10. *Recommendation:* "Personnel policies for foreign aid administration should be reexamined by the executive branch in the light of the committee's other recommendations with a view to securing satisfactory conditions of employment for essential personnel while limiting the number of this personnel by utilizing, where appropriate, private contractors and universities and skilled personnel from other Government departments in carrying out the aid programs."

Action: Some progress has been made in improving personnel training programs, but much more remains to be done.

11. *Recommendation:* "Future legislation should make clear the distinction of purpose and function as between these principal categories of aid: Military aid, supporting aid, technical assistance, and economic development assistance."

Action: None.

12. *Recommendation:* "An economic development fund should be established to provide assistance on a repayable basis to other independent nations for economic development purposes."

Action: This has been done, but, as noted above, the fund is inadequately financed.

These recommendations are as valid now as they were a year ago. It is regrettable that so little has been done to carry them out.

(Signed) WAYNE MORSE.

APPENDIX

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1954, AS AMENDED

* * * * *

SEC. 2. STATEMENT OF POLICY.—(a) The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination, declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(b) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world. those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(c) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.

(d) *The Congress recognizes the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world. Consequently, it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program for economic development.*

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER I. MILITARY ASSISTANCE

* * * * *

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1958] 1959 to carry out the purposes of this chapter not to exceed [\$1,600,000,000] \$1,800,000,000, which shall remain available until expended.

* * * * *

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to

establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere. *The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics.*

* * * * *

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is here authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1958] 1959 to carry out the purposes of this section not to exceed [\$750,000,000,] \$835,000,000 which shall remain available until expended.

(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

CHAPTER 4.—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

* * * * *

SEC. 142. AGREEMENTS.—(a) No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreement or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services, furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by the United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

(b) In cases where any commodity is to be furnished on a grant basis under chapter 3 of title I of this Act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account,

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for

which new funds authorized by this Act would themselves be available: *Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States.*

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

* * * * *

TITLE II—DEVELOPMENT LOAN FUND

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

SEC. 202. GENERAL AUTHORITY.—**[(a)]** There is hereby established a fund to be known as the "Development Loan Fund" (hereinafter referred to in this title as "the Fund") to be used by the President to finance activities carried out pursuant to authority contained in this title. **[(a)]** *To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.*

[(b)] **[(To carry out the purposes of this title, the President)]** *The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as [he] it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, [and] (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the*

economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made [from] by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. *The provisions of section 955 of Title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund.* The authority of section 401 (a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection. [The Manager of the Fund shall furnish to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report on each financing operation or transaction involving the Fund's assets. Such report shall be made at the time such financing operation or transaction is consummated.] *The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.*

SEC. 203. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000.

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The [President] *Fund* is authorized to incur, in accordance with the provisions of this title, obligations [against the Fund] in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization [authorized] *made available* pursuant to section 203 (a) of this Act which has not been advanced to the Fund as of such time. The *assets of the Fund* shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

[(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with

the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions provided by the Government Corporation Control Act, as amended, and no other audit shall be required.】

(c) The Fund shall be deemed to be a wholly-owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—【(a) In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a Manager of the Fund. The office of Manager of the Fund shall be in addition to other offices provided for by law, and the compensation for such office shall be at a rate not in excess of \$19,000 a year.

【(b) The President shall also establish a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the Fund.】

(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal by-laws governing the conduct of its business, and the performance of the authorities, powers and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by

the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director, or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) **[In carrying out his functions with respect to this title, the Manager of the Fund may]** *The fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as [may be deemed] it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures [under this title] of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as [the Manager of] the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, [the Manager of] the Fund, and, as [the Manager of] the Fund may determine, refer any such obligations, or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any office thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity);*

exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by [the Manager of] the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation [authorized by this title.] or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of Title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316) or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress. The Export-Import Bank shall administer loans made from the Fund, as provided in section 505 (b) of this Act.

(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil-service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of entry into force of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957 and the date of entry into force of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of entry into force of the Mutual Security Act of 1958 shall not, by reason of the entry into force of that Act, require reappointment in order to serve in the Office of Managing Director provided for in section 205 (b) of this Act.

* * * * *

TITLE III—TECHNICAL COOPERATION

* * * * *

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed **[\$151,900,000]** *\$150,000,000 for use beginning in the fiscal year 1959 to carry out the purposes of this title.*

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title, *and this Act*, the United States is authorized to participate in multilateral technical cooperation *and related* programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) **[\$15,500,000]** *\$20,000,000 for the fiscal year [1958] 1959 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: Provided, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution [to this program] for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed [to the program] for such purpose for that period, for the calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed [to the program] for such purpose for that period and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed [to the program] for such purpose for that period.*

(b) *\$1,500,000 for the fiscal year [1958] 1959 for contributions to the technical cooperation program of the Organization of American States.*

* * * * *

TITLE IV—OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year **[1958]** *1959* not to exceed **[\$250,000,000]** *\$212,000,000* for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability[, or for assistance in accordance with the provisions of this Act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this Act. \$50,000,000 of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a)].

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) proj-

ects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed \$10,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection.

SEC. 401. PRESIDENT'S SPECIAL AUTHORITY AND *CONTINGENCY FUND*.—

(a) Of the funds made available *for use* under this Act, not to exceed \$150,000,000, in addition to the funds authorized for [such use by section 400 (a) of this Act,] *use under this subsection by subsection (b) of this section* may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds [pursuant to authorizations contained in] *for use under this Act*, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this [section] *subsection* may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this [section] *subsection* may be allocated to any one nation in any fiscal year.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$200,000,000 for assistance authorized by this Act, other than by title II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.*

[b] (c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under *subsection (a) of this section* may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year **[1958]** 1959 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

[SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility at the time of the enactment of this Act as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section.]

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion

of funds made available for assistance to the Federal Republic of Germany pursuant to section [403] 400 (a) of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitutional approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year [1958 not to exceed \$2,233,000 for contributions to the United Nations Refugee Fund.] *1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.*

(d) There is hereby authorized to be appropriated to the President for the fiscal year [1958] *1959 not to exceed [\$5,500,000] \$8,600,000* for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$11,000,000 for the fiscal year [1958] *1959* for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President *for the fiscal year 1959 not to exceed [\$65,000,000] \$25,000,000* to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided, That of the funds appropriated pursuant to this section \$5,000,000 shall be available only for repatriation or resettlement of such refugees.* In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed [\$2,200,000] \$2,100,000 to carry out the purposes of this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed \$1,000,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year [1958] 1959 not to exceed [\$32,750,000] \$31,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter 1 of title I and title II) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

(c) There are authorized to be appropriated to the Department of State such amounts, not to exceed \$7,000,000 in any fiscal year, as may be necessary from time to time for administrative expenses which are incurred for *functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act.*

(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes

(other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, through **the agency primarily** *an agency* responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies received by such

person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;* and insert after 'Director of the International Cooperation Administration' both times it appears in subparagraph (F) 'or such other officer as the President may designate;

(F) the President is authorized to issue guaranties up to a total face value of \$500,000,000 exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U. S. C. 1442), and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (b) (3)): *Provided, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees*

collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration or *such other officer as the President may designate*, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U. S. C. 665) and 3732 (41 U. S. C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U. S. C. 1442), and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or *such other officer as the President may designate* is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111 (c) (2);

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and in addition, shall pay a registration fee which shall be prescribed by such regulations. *Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms of United States manufacture, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.*

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both

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SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year **[1958]** 1959 not to exceed **[\$7,000,000]** \$5,500,000 to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve

their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter 1 title I, and title II) to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. [Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section.]

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1—GENERAL PROVISIONS

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SEC. 502. * * *

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(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: [Provided, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Appropriations of the Senate (if the committee using such currency is a committee of the Senate or a joint committee of the Congress), showing the total amount of such currency so used in each country and the purposes for which it was expended] Provided, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first thirty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives) or to the committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

* * * * *

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. *Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).*

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under [title II or] chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. [Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad.] *Funds made available under chapter 3 of title I, title III, and title IV of this Act may not be used for the procurement of a commodity outside the United States: Provided, That not more than 50 per centum of such funds from and after the date of enactment of the Mutual Security Act of 1958 may be used for the procurement of a commodity outside the United States if the President determines that such procurement will not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to and the national interests of the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.*

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SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided, That to the extent that*

funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

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SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act, and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State

may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

* * * * *

SEC. 537. PROVISIONS ON USES OF FUNDS—

(a) Appropriations for the purposes of this Act (except for chapter 1 of title I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

- (1) rents in the District of Columbia [for the fiscal year 1958];
- (2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U. S. C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;
- (3) employment of aliens, by contract, for services abroad;
- (4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;
- (5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,300 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the continental United States only as may be specifically provided in an appropriation or other Act;
- (6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);
- (7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U. S. C. 543), and loss by exchange;
- (8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate

shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the continental United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps of grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U. S. C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the continental United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post

under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance; or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) **[Not to exceed \$18,000,000]** *Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000 of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.*

(d) Funds made available under section 400 (a) may be used for expenses (other than those provided for under section 411 (b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted and credited to the current applicable appropriation of such agency: *Provided, however, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.*

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

* * * * *

SEC. 543. SAVING PROVISIONS.—

(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

(d) Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security [Act of 1956 or the Mutual Security Act of 1957] *Act of 1956, 1957 or 1958* shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations. *Except as provided in the third sentence of section 510, until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the effective date of the Mutual Security Act of 1958.*

SEC. 544. AMENDMENTS TO OTHER LAWS.—

(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

[(b) Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out "31.5" in the proviso at the end of section 2 and inserting "33.33".]

[(c) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: "such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in

any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;”.]

(b) Section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), is further amended by inserting “Development Loan Fund;” before “Institute of Inter-American Affairs”.

(c) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

(1) In subsection 1 (a), insert the following new subparagraph after subparagraph (4):

“(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this subparagraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;”.

(2) In subsection 1 (e), strike “(3) or (4)” in the last sentence and substitute therefor “(3), (4) or (5)”.

(3) In subsection 1 (f), insert “or in any work under subparagraph (5) subsection (a) of this section” between “this section” and “shall not apply”.

(d) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is amended by inserting the following subparagraph after subparagraph (3):

“or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II thereof): Provided that, in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or other agency of the United States, may in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts or subordinate contracts, work location under such contracts, subcontracts or subordinate contracts, or classification of employees;”.

(e) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words “in the Department” wherever they appear

therein and by adding at the end thereof the following new sentences: "Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500."

(f) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

"(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

"(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

"(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts."

(g) The Act of May 26, 1949, as amended (5 U. S. C. 151 (a)), relating to the organization of the Department of State, is amended as follows:

(1) In section 1, strike out "three" and insert "two".

(2) In section 2, designate the present language as "(a)" and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this Act, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the 'Deputy Under Secretary of State for

Economic Affairs' or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs."

(h) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect one year after the enactment of this Act:

"(b) A member of the armed forces detailed under this section is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

(i) Title III of the Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82d Congress, 22 U. S. C. 1613) is amended by adding the following new section:

"SEC. 306. (a) This Act shall not be deemed to prohibit furnishing economic and financial assistance to any nation except the Soviet Union, Communist China, and North Korea, whenever the President determines that such assistance will strengthen the security of the United States by enabling the freedom-loving peoples of such nation (a) to achieve a measure of political, economical, and social freedom from Sino-Soviet domination or control, or (b) to strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination or control, or (c) to reduce their economic dependence on the Sino-Soviet Bloc in keeping with their already established political independence. The President shall immediately report any determination made pursuant to this section, with reasons therefor, to the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate, and to the Committee on Foreign Affairs, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives.

"(b) The Administrator may, notwithstanding the requirements of the first proviso of section 103 (b) of this Act, direct the continuance of assistance to a country which permits shipments of items other than arms, ammunition, implements of war and atomic energy materials to any nation receiving economic or financial assistance pursuant to subsection (a) of this section."

(j) The first section of the Act of June 28, 1935, as amended (49 Stat. 425), is amended by striking out "\$30,000" and inserting "\$33,000", and by striking out "\$15,000" the first time it appears and inserting "\$18,000".

(k) Section 2 of the Act of July 11, 1956 (70 Stat. 523), is amended by striking out all beginning with "An" down through "Conference and" and substituting "There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sums as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and".

(l) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287g), is amended by the addition of the following sentences at the end thereof: "The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational,

scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: Provided, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section."

(m) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes ", as apportioned" is amended to read as follows: "(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses".

(n) Section 104 of the Agricultural Trade Development Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe".

(o) The Act of June 14, 1948, as amended (22 U. S. C. 290), authorizing participation in the World Health Organization, is amended by adding the following new section:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

SEC. 545 Definitions

* * * * *

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(j) The term "agency administering nonmilitary assistance" shall refer to the *Development Loan Fund* and any agency to which authorities and functions under chapter 3 of title I, [title II,] title III, or

title IV of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

(k) The term "officer administering nonmilitary assistance" shall refer to the *Board of Directors of the Development Loan Fund* and any officer to whom authorities and functions under chapter 3 of title I, [title II,] title III, or title IV of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act

SECTION 101 OF THE GOVERNMENT CORPORATION CONTROL ACT (31 U. S. C. 846)

SEC. 101. As used in this Act the term "wholly owned Government corporation" means the Commodity Credit Corporation; Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Farm Mortgage Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; the Virgin Islands Corporation; Federal Prison Industries, Incorporated; United States Spruce Production Corporation; *Development Loan Fund*; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Prencinradio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U. S. Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or Public Housing Administration) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owners' Loan Corporation; United States Housing Corporation; Federal Housing Administration; Saint Lawrence Seaway Development Corporation; Panama Canal Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated.

DEFENSE BASE ACT (42 U. S. C. 1651)

That (a) except as herein modified, the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (44 Stat. 1424), as amended, shall apply in respect to the injury or death of any employee engaged in any employment—

(1) at any military, air, or naval base acquired after January 1, 1940, by the United States from any foreign government; or

(2) upon any lands occupied or used by the United States for military or naval purposes in any Territory or possession outside the continental United States (including Alaska; the Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone); or

(3) upon any public work in any Territory or possession outside the continental United States (including Alaska; the Philip-

pine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone), if such employee is engaged in employment at such place under the contract of a contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) with the United States; but nothing in this paragraph shall be constructed to apply to any employee of such a contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(4) under a contract entered into with the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract, or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States and at places not within the areas described in subparagraphs (1), (2), and (3) of this subdivision, for the purpose of engaging in public work, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in such public work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(5) *under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States) or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;*

irrespective of the place where the injury or death occurs, and shall include any injury or death occurring to any such employee during transportation to or from his place of employment, where the em-

ployer or the United States provides the transportation or the cost thereof.

(b) As used in this section, the term "public work" means any fixed improvement or any project involving construction, alteration, removal, or repair for public use of the United States or its Allies, including but not limited to projects in connection with the war effort, dredging, harbor improvements, dams, roadways, and housing, as well as preparatory and ancillary work in connection therewith at the site or on the project.

(c) The liability of an employer, contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) under this Act shall be exclusive and in place of all other liability of such employer, contractor, subcontractor, or subordinate contractor to his employees (and their dependents) coming within the purview of this Act, under the workmen's compensation law of any State, Territory, or other jurisdiction, irrespective of the place where the contract of hire of any such employee may have been made or entered into.

(d) As used in this section, the term "contractor" means any individual, partnership, corporation, or association, and includes any trustee, receiver, assignee, successor, or personal representative thereof, and the rights, obligations, liability, and duties of the employer under such Longshoremen's and Harbor Workers' Compensation Act shall be applicable to such contractor.

(e) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (3) and (4), subdivision (a) of this section, and the conditions set forth therein, shall become applicable to contracts and subcontracts heretofore entered into but not completed at the time of the approval of this Act, and contracting officers of the United States are authorized to make such modifications and amendments of existing contracts as may be necessary to bring such contracts into conformity with the provisions of this Act. No right shall arise in any employee or his dependent under subparagraphs (3) and (4), subdivision (a) of this section, prior to two months after the approval of this Act. Upon the recommendation of the head of any department, or other agency of the United States, the United States Employees' Compensation Commission, in the exercise of its discretion, may waive the application of the provisions of subparagraphs [(3) or (4),] (3), (4), or (5), subdivision (a) of this section, with respect to any contract, subcontract, or subordinate contract, work location under such contracts, or classification of employees.

(f) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (1), (2), (3), and (4), subdivision (a) of this section *or in any work under subparagraph (5), subsection (a) of this section* shall not apply with respect to any employee not a citizen of the United States who incurs an injury or death resulting in death subsequent to the effective date of this amendment.

SECTION 101 (a) OF THE WAR HAZARDS COMPENSATION ACT, AS AMENDED (42 U. S. C. 1701)

SEC. 101. (a) In case of injury or death resulting from injury—

(1) to any person employed by a contractor with the United States, if such person is an employee specified in the Act of August 16, 1941 (Public Law Numbered 208, Seventy-seventh Congress), as amended, and no compensation is payable with respect to such injury or death under such Act; or

(2) to any person engaged by the United States under a contract for his personal services outside the United States or in Hawaii, Alaska, Puerto Rico, or the Virgin Islands; or

(3) to any person employed as a civilian employee of a post exchange or ship-service outside the United States or in Hawaii, Alaska, Puerto Rico, or the Virgin Islands; or

(4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II thereof): *Provided, That, in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees;*

and such injury proximately results from a war-risk hazard, whether or not such person then actually was engaged in the course of his employment, the provisions of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916 (5. U. S. C., ch. 15), as amended, and as modified by this Act, shall apply with respect thereto in the same manner and to the same extent as if the person so employed were a civil employee of the United States and were injured while in the performance of his duty, and any compensation found to be due shall be paid from the compensation fund established pursuant to section 35 of said Act of September 7, 1916, as amended. This subsection shall not be construed to include any person who would otherwise come within the purview of such Act of September 7, 1916, as amended.

SECTION 571 (c) OF THE FOREIGN SERVICE ACT OF 1946, AS AMENDED (22 U. S. C. 961)

(c) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, to a position [in the Department], the period of his service in such capacity shall be construed as constituting an assignment for duty [in the Department] within the meaning of paragraph (a) of this section and such person

shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment or concerning reassignment contained in that paragraph. *Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.*

UNITED STATES INFORMATION AND EDUCATIONAL EXCHANGE ACT OF 1948, AS AMENDED (SHOWING MANS- FIELD AMENDMENT)

TITLE X—MISCELLANEOUS

* * * * *

INFORMATIONAL MEDIA GUARANTIES

SEC. 1011. (a) The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States.

(b) The Director is authorized to assume the obligation of not to exceed \$28,000,000 of the notes authorized to be issued pursuant to subsection 111 (c) (2) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (c) (2)), together with the interest accrued and unpaid thereon, and to obtain advances from time to time from the Secretary of the Treasury up to such amount, less amounts previously advanced on such notes, as provided for in said notes. Such advances shall be deposited in a special account in the Treasury available for payments under informational media guaranties.

(c) The Director is authorized to make informational media guaranties without regard to the limitations of time contained in subsection 413 (b) (4) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4)), but the total of such guaranties outstanding at any one time shall not exceed the sum of the face amount of the notes assumed by the Director less the amounts previously advanced on such notes by the Secretary of the Treasury plus the amount of the funds in the special account referred to in subsection (b).

(d) Foreign currencies available after June 30, 1955, from conversions made pursuant to the obligation of informational media guaranties may be sold, in accordance with Treasury Department regulations, for dollars which shall be deposited in the special account and shall be available for payments under new guaranties. Such currencies shall be available, as may be provided for by the Congress in appropriation Acts, for use for educational, scientific, and cultural purposes which are in the national interest of the United States, and for such other purposes of mutual interest as may be agreed to by the

governments of the United States and the country from which the currencies derive.

(e) Notwithstanding the provisions of subparagraph 413 (b) (4) (E) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4) (E)), (1) fees collected for the issuance of informational media guaranties shall be deposited in the special account and shall be available for payments under informational media guaranties; and (2) the Director may require the payment of a minimum charge of up to fifty dollars for issuance of guaranty contracts, or amendments thereto.

(f) The Director is further authorized, under such terms as he may prescribe, to make advance payments under informational media guaranties: *Provided*, That currencies receivable from holders of such guaranties on account of such advance payments shall be paid to the United States within nine months from the date of the advance payment and that appropriate security to assure such payments is required before any advance payment is made.

(g) As soon as feasible after the enactment of this subsection, all assets, liabilities, income, expenses, and charges of whatever kind pertaining to informational media guaranties, including any charges against the authority to issue notes provided in section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, cumulative from the enactment of that Act, shall be accounted for separately from other guaranties issued pursuant to subsection 413 (b) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b)): *Provided*, That there shall be transferred from the special account established pursuant to subsection (b), into the account available for payments under guaranties other than informational media guaranties, an amount equal to the total of the fees received for the issuance of guaranties other than informational media guaranties, and used to make payments under informational media guaranties.

(h) (1) *There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.*

(2) *Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.*

(3) *Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts.*

TEXT OF PUBLIC LAW 73, 81ST CONGRESS [S. 1704], APPROVED MAY 26, 1949, AS AMENDED BY PUBLIC LAW 250, 84TH CONGRESS, [S. 2237], APPROVED AUGUST 5, 1955 (SHOWING SMITH-MANSFIELD AMENDMENT)

AN ACT To strengthen and improve the organization and administration of the Department of State, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be in the Department of State in addition to the Secretary of State an Under Secretary of State, ~~three~~ two Deputy Under Secretaries of State, and ten Assistant Secretaries of State.

SEC. 2 (a). The Secretary of State and the officers referred to in section 1 of this Act, as amended, shall be appointed by the President, by and with the advice and consent of the Senate. The Counselor of the Department of State and the Legal Adviser who are required to be appointed by the President, by and with the advice and consent of the Senate, shall rank equally with and shall receive the same salary as the Assistant Secretaries of State. Any such officer holding office at the time the provisions of this Act, as amended, become effective shall not be required to be reappointed by reason of the enactment of this Act, as amended. Unless otherwise provided for by law, the rate of basic compensation of the Deputy Under Secretaries of State shall be the same as that of Assistant Secretaries of State.

(b) *There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this Act, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the "Deputy Under Secretary of State for Economic Affairs" or any other reference with respect thereto, are hereby amended to vest such authority in the Under Secretary of State for Economic Affairs.*

SEC. 3. The Secretary of State, or such person or persons designated by him, notwithstanding the provisions of the Foreign Service Act of 1946 (60 Stat. 999) or any other law, except where authority is inherent in or vested in the President of the United States, shall administer, coordinate, and direct the Foreign Service of the United States and the personnel of the State Department. Any provisions in the Foreign Service Act of 1946, or in any other law, vesting authority in the "Assistant Secretary of State for Administration", the "Assistant Secretary of State in Charge of the Administration of the Department", the "Director General", or any other reference with respect thereto, are hereby amended to vest such authority in the Secretary of State.

SEC. 4. The Secretary of State may promulgate such rules and regulations as may be necessary to carry out the functions now or hereafter vested in the Secretary of State or the Department of State, and he may delegate authority to perform any of such functions, including

if he shall so specify the authority successively to redelegate any of such functions,³ to officers and employees under his direction and supervision.

SEC. 5. The following statutes or parts of statutes are hereby repealed.

Section 200 of the Revised Statutes, as amended and amplified by the Acts authorizing the establishment of additional Assistant Secretaries of State, including section 22 of the Act of May 24, 1924 (ch. 182, and the Act of December 8, 1944, R. S. 200; 43 Stat. 146; 58 Stat. 798; 5 U. S. C. 152, as amended by Public Law 767 Eightieth Congress).

Section 202 of the Foreign Service Act of 1946 (60 Stat. 1000) and any other reference in such Act to the "Deputy Director General".

Section 1041 of the Foreign Service Act of 1946 (60 Stat. 1032).

SECTION 712 OF TITLE 10 OF THE UNITED STATES CODE

§ 712 (a) Upon the application of the country concerned, the President, whenever he considers it in the public interest, may detail members of the Army, Navy, Air Force, and Marine Corps to assist in military matters—

(1) any republic in North America, Central America, or South America;

(2) the Republic of Cuba, Haiti, or Santo Domingo; and

(3) during a war or a declared national emergency, any other country that he considers it advisable to assist in the interest of national defense.

“(b) [Subject to the prior approval of the Secretary of the military department concerned, and in addition to receiving his pay and allowances as a member of the armed forces, a member detailed under this section may accept from the country to which he is detailed any office and any compensation or emoluments thereof. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States.] *A member of the armed forces detailed under this section is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions.*

MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951 (BATTLE ACT)

Text of Mutual Defense Assistance Control Act of 1951, Public Law 213, 82d Congress [H. R. 4550], 65 Stat. 644, approved October 26, 1951

AN ACT To provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Control Act of 1951."

TITLE I—WAR MATERIALS

SEC. 101. The Congress of the United States, recognizing that in a world threatened by aggression the United States can best preserve and maintain peace by developing maximum national strength and by utilizing all of its resources in cooperation with other free nations, hereby declares it to be the policy of the United States to apply an embargo on the shipments of arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to (1) increase the national strength of the United States and of the cooperating nations; (2) impede the ability of nations threatening the security of the United States to conduct military operations; and (3) to assist the people of the nations under the domination of foreign aggressors to reestablish their freedom.

It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

This Act shall be administered in such a way as to bring about the fullest support for any resolution of the General Assembly of the United Nations, supported by the United States, to prevent the shipment of certain commodities to areas under the control of governments engaged in hostilities in defiance of the United Nations.

SEC. 102. Responsibility for giving effect to the purposes of this Act shall be vested in the person occupying the senior position authorized by subsection (e) of section 406 of the Mutual Defense Assistance Act of 1949, as amended, or in any person who may hereafter be charged with principal responsibility for the administration of the provisions of the Mutual Defense Assistance Act of 1949. Such person is hereinafter referred to as the "Administrator."

SEC. 103. (a) The Administrator is hereby authorized and directed to determine within thirty days after enactment of this Act after full and complete consideration of the views of the Departments of State, Defense, and Commerce; the Economic Cooperation Administration;

and any other appropriate agencies, and notwithstanding the provisions of any other law, which items are, for the purpose of this Act, arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and those items of primary strategic significance used in the production of arms, ammunition, and implements of war which should be embargoed to effectuate the purposes of this Act: *Provided*, That such determinations shall be continuously adjusted to current conditions on the basis of investigation and consultation, and that all nations receiving United States military, economic, or financial assistance shall be kept informed of such determinations.

(b) All military, economic, or financial assistance to any nation shall upon the recommendation of the Administrator, be terminated forthwith if such nation after sixty days from the date of a determination under section 103 (a) knowingly permits the shipment to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, of any item which he has determined under section 103 (a) after a full and complete investigation to be included in any of the following categories: Arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war; *Provided*, That the President after receiving the advice of the Administrator and after taking into account the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States: *Provided further*, That the President shall immediately report any determination made pursuant to the first proviso of this section with reasons therefor to the Appropriations and Armed Services Committees of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the President shall at least once each quarter review all determinations made previously and shall report his conclusions to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which determinations have been made.

SEC. 104. Whenever military, economic, or financial assistance has been terminated as provided in this Act, such assistance can be resumed only upon determination by the President that adequate measures have been taken by the nation concerned to assure full compliance with the provisions of this Act.

SEC. 105. For the purpose of this Act, the term "assistance" does not include activities carried on for the purpose of facilitating the procurement of materials in which the United States is deficient.

TITLE II—OTHER MATERIALS

SEC. 201. The Congress of the United States further declares it to be the policy of the United States to regulate the export of commodities other than specified in title I of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to strengthen the United States and other cooperating nations of the free world and to oppose and offset by nonmilitary action acts which threaten the security of the United States and the peace of the world.

SEC. 202. The United States shall negotiate with any country receiving military, economic, or financial assistance arrangements for the recipient country to undertake a program for controlling exports of items not subject to embargo under title I of this Act, but which in the judgment of the Administrator should be controlled to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 203. All military, economic, and financial assistance shall be terminated when the President determines that the recipient country (1) is not effectively cooperating with the United States pursuant to this title, or (2) is failing to furnish to the United States information sufficient for the President to determine that the recipient country is effectively cooperating with the United States.

TITLE III—GENERAL PROVISIONS

SEC. 301. All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 302. The Administrator with regard to all titles of this Act shall—

(a) coordinate those activities of the various United States departments and agencies which are concerned with security controls over exports from other countries;

(b) make a continuing study of the administration of export control measures undertaken by foreign governments in accordance with the provisions of this Act, and shall report to the Congress from time to time but not less than once every six months recommending action where appropriate; and

(c) make available technical advice and assistance on export control procedures to any nation desiring such cooperation.

SEC. 303. The provisions of subsection (a) of section 403 of section 404, and of subsections (c) and (d) of section 406 of the Mutual Defense Assistance Act of 1949 (Public Law 329, 81st Congress) as amended, insofar as they are consistent with this Act, shall be applicable to this Act. Funds made available for the Mutual Defense Assistance Act of 1949, as amended, shall be available for carrying out this Act in such amounts as the President shall direct.¹³

SEC. 304. In every recipient country where local currency is made available for local currency expenses of the United States in connection with assistance furnished by the United States, the local currency administrative and operating expenses incurred in the administration of this Act shall be charged to such local currency funds to the extent available.

SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public Law 472, Eightieth Congress), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act, 1951 (Public Law 45, 82d Congress), are repealed.

Sec. 306. (a) *This Act shall not be deemed to prohibit furnishing economic and financial assistance to any nation except the Soviet Union, Communist China, and North Korea, whenever the President determines that such assistance will strengthen the security of the United States by enabling the freedom-loving peoples of such nation (a) to achieve a measure of political, economic, and social freedom from Sino-Soviet domination or control, or (b) to strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination or control, or (c) to reduce their economic dependence on the Sino-Soviet Bloc in keeping with their already established political independence. The President shall immediately report any determination made pursuant to this section, with reasons therefor, to the Committee on Foreign Relations, the Committee on Armed Services and the Committee on Appropriations of the Senate, and to the Committee on Foreign Affairs, the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.*

(b) *The Administrator may, notwithstanding the requirements of the first proviso of section 103 (b) of this Act, direct the continuance of assistance to a country which permits shipments of items other than arms, ammunition, implements of war and atomic energy materials to any nation receiving economic or financial assistance pursuant to subsection (a) of this section.*

FIRST SECTION OF THE ACT OF JUNE 28, 1935 (49 STAT. 425)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an appropriation of **[\$30,000]** *\$33,000 annually is hereby authorized,* **[\$15,000]** *\$18,000 of which shall be for the annual contribution of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and \$15,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group.*

SECTION 2 OF THE ACT OF JULY 11, 1956 (70 STAT. 523)

SEC. 2. **[An appropriation of \$36,000 annually is authorized, \$6,000 of which shall be for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Parliamentary Conference and]** *There is authorized to be appropriated annually, for*

the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sums as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference and \$30,000, \$15,000 for the House delegation and \$15,000 for the Senate delegation, or so much thereof as may be necessary, to assist in meeting the expenses of the United States Group of the North Atlantic Treaty Parliamentary Conference for each fiscal year for which an appropriation is made, such appropriation to be dispersed on voucher to be approved by the Chairman of the House delegation and the Chairman of the Senate delegation.

SECTION 5 OF THE ACT OF JULY 30, 1946 (22 U. S. C. 287q)

SEC. 5. The National Commission shall call general conferences for the discussion of matters relating to the activities of the Organization, to which conferences organized bodies actively interested in such matters shall be invited to send representatives: *Provided, however, That the travel and maintenance of such representation shall be without expense to the Government. Such general conferences shall be held annually or biennially, as the National Commission may determine, and in such places as it may designate. They shall be attended so far as possible by the members of the National Commission and by the delegates of the United States to the General Conference of the Organization. The National Commission is further authorized to call special conferences of experts for the consideration of specific matters relating to the Organization by persons of specialized competences. Under such regulations as the Secretary of State may prescribe, the actual transportation expenses of experts attending such conferences shall be borne by the Department of State, and they shall be allowed a per diem of \$10 in lieu of subsistence and other expenses, for the period of actual attendance and of necessary travel. The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: Provided, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.*

**SECTION 2 (a) OF THE JOINT RESOLUTION OF JUNE 30, 1948,
AS AMENDED (22 U. S. C. 272a (a))**

SEC. 2. There is authorized to be appropriated annually to the Department of State—

[(a) such sums, not to exceed \$1,750,000 per annum, as may be necessary for the payment by the United States of its share of the expenses of the Organization] *(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses, as apportioned by the International Labor Conference in accordance with articles 13 (2) (c) and 13 (3) of the constitution of the Organization; and*

**AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE
ACT OF 1954 AS AMENDED**

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriations Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis;

(b) To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile of such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to ten years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act.

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however, That no*

such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marked in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayments of such loans.

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year.

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor.

(k) *To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe.*

Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title.

ACT OF JUNE 14, 1948 (22 U. S. C. 290)

JOINT RESOLUTION

Providing for membership and participation by the United States in the World Health Organization and authorizing an appropriation therefor.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized to accept membership for the United States in the World Health Organization (hereinafter referred to as the Organization), the constitution of which was adopted in New York on July 22, 1946, by the International Health Conference for the establishment of an International Health Organization, and deposited in the archives of the United Nations.

SEC. 2. The President shall designate from time to time to attend a specified session or specified sessions of the World Health Assembly of the Organization not to exceed three delegates of the United States and such number of alternates as he may determine consistent with the rules of procedure of the World Health Assembly. One of the delegates shall be designated as the chief delegate. Whenever the United States becomes entitled to designate a person to serve on the Executive Board of the Organization, under article 24 of the constitution of the Organization, the President shall designate a representative of the United States, by and with the advice and consent of the Senate, and may designate not to exceed one alternate to attend sessions of the Executive Board. Such representative must be a graduate of a recognized medical school and have spent not less than three years in active practice as a physician or surgeon. Such representative shall be entitled to receive compensation at a rate not to exceed \$12,000 per annum and any such alternate shall be entitled to receive compensation at a rate not to exceed \$10,000 per annum for such period or periods as the President may specify, except that no Member of the Senate or House of Representatives or officer of the United States who is thus designated shall be entitled to receive such compensation: *Provided*, That no person shall serve as such representative, delegate, or alternate until such person has been investigated as to loyalty and security by the Civil Service Commission.

SEC. 3. There are authorized to be appropriated to the Department of State for contribution to the working capital fund of the Organization the sum of \$560,000 and as annual appropriations the following—

(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33½ per centum of the total assessments of active members of the Organization for such fiscal year; and

(b) such additional sums, not to exceed \$83,000 for the fiscal year beginning July 1, 1947, as may be necessary to pay the expenses incident to participation by the United States in the activities of the Organization, including—

(1) salaries of the representative and alternate provided for in section 2 hereof, and appropriate staff, including per-

sonal services in the District of Columbia and eslewhere, without regard to the civil-service laws and the Classification Act of 1923, as amended; services as authorized by section 15 of Public Law 600, Seventy-ninth Congress; under such rules and regulations as the Secretary of State may prescribe, allowances for living quarters, including heat, fuel, and light and cost of living allowances to persons temporarily stationed abroad; printing and binding without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111), and section 3709 of the Revised Statutes, as amended; and

(2) such other expenses as the Secretary of State deems necessary to participation by the United States in the activities of the Organization: *Provided*, That the provisions of section 6 of the Act of July 30, 1946, Public Law 565, Seventy-ninth Congress, and regulations thereunder, applicable to expenses incurred pursuant to that Act shall be applicable to any expenses incurred pursuant to this paragraph (b) (2).

SEC. 4. In adopting this joint resolution the Congress does so with the understanding that, in the absence of any provision in the World Health Organization Constitution for withdrawal from the Organization, the United States reserves its right to withdraw from the Organization on a one-year notice: *Provided, however*, That the financial obligations of the United States to the Organization shall be met in full for the Organization's current fiscal year.

SEC. 5. In adopting this joint resolution, the Congress does so with the understanding that nothing in the Constitution of the World Health Organization in any manner commits the United States to enact any specific legislative program regarding any matters referred to in said Constitution.

SEC. 6. *The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against disesaes such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe.*

85TH CONGRESS }
2d Session }

SENATE

{ REPORT NO. 1627
PART 2 }

THE MUTUAL SECURITY ACT OF 1958

INDIVIDUAL VIEWS

OF

SENATOR MORSE

ON

H. R. 12181



MAY 26, 1958.—Ordered to be printed

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H. ALEXANDER SMITH, New Jersey
BOURKE B. HICKENLOOPER, Iowa
WILLIAM LANGER, North Dakota
WILLIAM F. KNOWLAND, California
GEORGE D. AIKEN, Vermont
HOMER E. CAPEHART, Indiana

CARL M. MARCY, *Chief of Staff*
DARRELL ST. CLAIRE, *Clerk*

INDIVIDUAL VIEWS OF MR. MORSE ON H. R. 12181

I voted for H. R. 12181, as amended, in the Foreign Relations Committee, reluctantly, and only because I believe that a foreign aid program is necessary to promote the national interests of the United States and because it was apparent that H. R. 12181, as amended, was the best bill that the Foreign Relations Committee would approve. But the bill should be further improved on the floor of the Senate, particularly in regard to its treatment of military assistance, defense support, Latin America, and departmental organization.

OVEREMPHASIS ON MILITARY AID

The emphasis on military aid in this legislation is still too heavy. It is almost as though the United States had never heard Communist boss Khrushchev state publicly that his country was declaring economic war upon the United States, because in this bill we continue an obsolete emphasis upon military power when the real issue at stake is one of economic development and progress in Asia, Africa, South America, and the Middle East.

The reduction of \$235 million which the committee made in the combined total of military assistance and defense support, is grossly inadequate. I voted in committee for a higher cut of \$550 million and when this failed I supported the \$235 million cut as the best that could be done. These items should be further reduced on the floor.

American foreign policy for years has been much too heavily military in its emphasis. This fact, in my judgment, is largely responsible for the steady erosion of free world prestige and influence in Asia and Africa and for the steady accretion of Soviet influence in those areas. It is unsound to devote more than two-thirds of American military assistance to the Far East, Near East, and south Asia, and only about one-quarter to Europe.

I support military assistance to Europe, where there is the institutional and economic base to make military assistance successful. I am disturbed that more progress has not been made in meeting NATO force goals. But to pour enormous quantities of weapons into such countries as Pakistan and Iran is not only wasteful; it is positively harmful to our world position.

It must be remembered that defense support is a form of military aid and must logically be regarded as military assistance. Last year Congress redefined "defense support" to separate it from economic development assistance. It was redefined to consist of "commodities, services, and financial and other assistance *specifically* designed to sustain and increase military effort." The addition of the word "specifically" made clearer the military support purpose of this assistance which is economic in nature.

Thus, military assistance and defense support must be considered together, since they have for their purpose the strengthening of

military establishments, and not the economic development of the recipient countries.

Seventy-eight percent of the money in this bill is for the strengthening of military establishments. Even when combined with the economic loan program already authorized, military purposes under this bill will account for 65 percent of the total in this year's program. About 45 percent of the combined authorized foreign aid would be for military items alone.

In a day when the Soviet Union has recognized what we should have recognized long ago—the urgency of improved living standards for the masses of the world's people—it is wasteful and shortsighted for the United States to continue such heavy emphasis upon military assistance in our foreign aid program. It is particularly wasteful and shortsighted in its application to non-NATO countries.

Moreover, all the aid in this bill is in the form of grant. Only the economic assistance from the previously authorized Development Loan Fund is expected to be recouped. While our contributions for United Nations technical assistance, bilateral assistance, for refugee programs, for the United Nations Children's Fund and atoms for peace are highly desirable grants, they account for only 7 percent of this bill, and 6 percent of the foreign aid program.

Since \$625 million is authorized for the Development Loan Fund, it will be seen that 16 percent of this year's foreign aid is in loan form for economic development, and 65 percent is in grant form for military establishments under this bill.

I would vote much more enthusiastically for a bill that reversed those percentages to a rate somewhere near 75 percent in loans and 25 percent in grants.

FOREIGN AID LACKS CLARITY OF OBJECTIVE

Actually, defense support is a hodgepodge which is misleading to the point of being deceptive. In part, it is military aid disguised as economic aid. This is the case in countries where defense support is used to finance commodity imports which are sold for local currency which, in turn, is used to pay local troops. The net result is that the United States is paying for foreign armies. To put it more bluntly, we are hiring foreign mercenaries. This is a great deal different than supplying military equipment to dependable allies. History is replete with examples of the unreliability of mercenaries, and there is no reason to think the lessons of history have suddenly become invalid.

In part, defense support is also economic aid disguised as military. This is the case in countries where it is used to pay for the exploration and development of mineral resources, for the development of electric power production, for the improvement of transportation facilities, and even for such things as sanitary facilities and vocational education teacher training. It is nonsense—worse, it is deceptive—to carry out these projects under the guise of a military program.

The category of defense support—which, in the administration's request, amounts to \$835 million a year—badly needs a thorough overhauling. The Special Committee To Study the Foreign Aid Program recommended last year that defense support be abolished as a separate category of aid. Every member of the Foreign Relations

Committee was a member of the special committee. Yet the Foreign Relations Committee continues to recoil from the logic of what it recommended when sitting as the special committee.

The least that could be done on the Senate floor would be to reduce defense support sufficiently to squeeze out the most objectionable part of it—namely, the pay of foreign mercenaries. Military assistance should also be further reduced, both to reorient the emphasis of the mutual security program and to curb the administration's tendency to arm too many dictators around the world for no reason other than that they are said to be "anti-Communist."

LATIN AMERICAN PROGRAM SHOULD BE ALTERED

The scope and emphasis of the mutual security program should be drastically altered in regard to Latin America. The committee took a great step forward in this direction in adopting my amendment stating that internal security requirements shall not normally be a basis for military assistance to Latin America and further requiring the President annually to review the program to make sure that it is, in fact, based on hemispheric defense plans. This is really nothing more than a reaffirmation of what is already the law, but it will have, I hope, a salutary effect. The administration has drifted far afield from the present requirements of the law.

Secretary of Defense McElroy testified before the Foreign Relations Committee that—

* * * the program for Latin America * * * is primarily for the purpose of the maintenance of internal security and also a very modest preparation for defense against any incursion from offshore. I suppose the maintenance of internal security could be said to involve some of the internal conflicts which seem to plague that part of the world, but it is important to this country that internal security should be maintained for the interests of our country militarily, and that is the reason that there is this very modest program down in that part of the world. (Hearings, p. 24.)

My amendment stating that "internal security requirements shall not normally be the basis for military assistance programs to American Republics" was offered with the intent of eliminating that consideration from hemispheric defense plans.

When the executive branch commented on my amendment, it said it "would not oppose this amendment, though it should be noted that grant military assistance programs for Latin America have consistently been, and indeed are required by law to be, based on hemispheric defense plans."

This is an accurate statement of the law, but I do not think it is an accurate statement of the facts, and the best witness to support that conclusion is the Secretary of Defense himself who in a moment of candor plainly admitted to the committee that military assistance programs for Latin America were "primarily for the purpose of the maintenance of internal security."

The way military assistance has been carried out in Latin America has a great deal to do with the difficulties into which we have fallen in that part of the world. What this administration seems unable to realize is that not every revolutionary is a Communist.

State Department officials have testified time and again to our committee that the United States must not intervene or interfere in any way in the internal affairs of our South American neighbors. Yet military assistance aimed primarily at preserving internal security is the most direct kind of intervention. That it is intervention on behalf of the status quo does not change that fact. Unfortunately, the status quo in some of these countries has been so obnoxious and so oppressive of freedom that the United States has suffered from being associated with it.

I approve of the doctrine of nonintervention; but where we depart from it, then let us intervene on the side of human freedom. Let us intervene on the side of the tradition of Thomas Jefferson and Simon Bolivar. They are the real revolutionaries, whereas communism is a reactionary doctrine. It is one of the tragic ironies of history that the United States, which was the birthplace of the Jeffersonian ideal, has gotten so far away from it that it is the Communists who are able to pose as representing the hope for the future.

BILL CARRIES UNSOUND REORGANIZATION OF STATE DEPARTMENT

Another defect of the committee bill is its provision creating the office of Under Secretary of State for Economic Affairs. This is an upgrading of the existing office of Deputy Under Secretary for Economic Affairs.

This reorganization of the State Department, in my judgment, will create a situation which is administratively inefficient and unworkable. It flies in the face, not only of sound principles, but also of experience.

In the late 1940's, there was an office of Under Secretary for Economic Affairs. Congress abolished the office because it became convinced that this was not a sound structure for the Department of State.

We are now asked to repeat the mistake—which was once made and once rectified—of creating such an office.

What is basically wrong with this proposal has nothing to do with the individual who will hold the new office, but with principles of public administration.

There is now in the Department of State a Secretary who is the principal officer and who is responsible for the conduct of the Department. He has an Under Secretary, who acts for him when the Secretary is absent. Then there are 3 Deputy Under Secretaries—1 in charge of political affairs, 1 in charge of economic affairs, and 1 in charge of administration.

The proposal in the committee bill would create two Under Secretaries. It would separate economic affairs from political affairs at a very high level in the State Department, and this in total disregard of the fact that the two cannot be separated in foreign relations.

SPECIAL COMMITTEE RECOMMENDATIONS REMAIN TO BE CARRIED OUT

It is in these principal respects—military assistance, defense support, Latin America, and departmental organization—that H. R. 12181 should be substantially improved on the floor of the Senate. But in connection with Senate consideration of the bill, it is well to call attention again to the recommendations unanimously made last year by the Special Committee To Study the Foreign Aid Program and to

how little has been done to implement these recommendations. Here is the score sheet:

1. *Recommendation*: "The objectives of the various foreign aid programs should be separated, refined, and restated, as necessary, by the executive branch and the Congress."

Action: None. If anything, the confusion is worse.

2. *Recommendation*: "Military aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditures."

Action: A token reduction by the Foreign Relations Committee. The administration request would support continuation of the present rate of expenditures.

3. *Recommendation*: "Supporting aid should be continued and efforts consistent with national security should be made to reduce the rate of expenditure * * *. In this connection, it (i. e., the special committee) calls special attention to the following: (1) The question of unrealistic exchange rates as they affect the cost of supporting aid; (2) the question of the adequacy of the criteria now being employed by the executive branch in determining areas of critical importance to the United States and emergency situations; and (3) the question of separating from what is now defense support that aid which in fact should be classified as development assistance."

Action: Supporting aid—which the special committee defined as grant economic aid to support United States objectives of whatever kind—has not been created as a separate aid category, but is still divided between defense support and special assistance.

Some progress has been made, administratively, in improving unrealistic exchange rates.

The criteria employed by the executive branch in determining areas of critical importance to the United States are substantially unchanged.

No progress has been made in separating from what is now defense support that aid which in fact should be classified as development assistance, with exception cited above.

4. *Recommendation*: "Technical assistance should be continued substantially as at present."

Action: This recommendation has been carried out.

5. *Recommendation*: "Economic development assistance should be put on a repayable basis through the mechanism of a development fund."

Action: This recommendation has been carried out, but the fund is inadequately financed.

6. *Recommendation*: "Military aid should be administered by the Department of Defense with foreign policy direction of this aid vested in the Secretary of State."

Action: Carried out.

7. *Recommendation*: "Responsibility for supporting aid should rest with the Secretary of State."

Action: The Secretary of State is responsible for all nonmilitary assistance.

8. *Recommendation*: "Consideration should be given to separating the administration of technical assistance and the proposed development fund from the administration of other forms of aid."

Action: H. R. 12181 incorporates the development fund and thereby gives it a measure of separateness. Technical assistance and other nonmilitary aid are still administered together.

9. *Recommendation:* "Present coordinating arrangements for interrelating foreign aid policies with other activities abroad should be reexamined by the President and the Senate and revised as necessary to insure greater effectiveness."

Action: None. It has become increasingly difficult for Congress to relate the activities of the Department of Agriculture, United States Information Agency, Export-Import Bank, and United States delegations to various international organizations, to the foreign aid program.

10. *Recommendation:* "Personnel policies for foreign aid administration should be reexamined by the executive branch in the light of the committee's other recommendations with a view to securing satisfactory conditions of employment for essential personnel while limiting the number of this personnel by utilizing, where appropriate, private contractors and universities and skilled personnel from other Government departments in carrying out the aid programs."

Action: Some progress has been made in improving personnel training programs, but much more remains to be done.

11. *Recommendation:* "Future legislation should make clear the distinction of purpose and function as between these principal categories of aid: Military aid, supporting aid, technical assistance, and economic development assistance."

Action: None.

12. *Recommendation:* "An economic development fund should be established to provide assistance on a repayable basis to other independent nations for economic development purposes."

Action: This has been done, but, as noted above, the fund is inadequately financed.

These recommendations are as valid now as they were a year ago. It is regrettable that so little has been done to carry them out.

(Signed) WAYNE MORSE.



Calendar No. 1657

85TH CONGRESS
2^D SESSION

H. R. 12181

[Report No. 1627]

IN THE SENATE OF THE UNITED STATES

MAY 15, 1958

Read twice and referred to the Committee on Foreign Relations

MAY 26, 1958

Reported by Mr. GREEN, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1958".

5 SEC. 2. The first section of the Mutual Security Act of
6 1954, as amended, is amended by adding at the end thereof

- 1 the following: "This Act is divided into chapters and titles,
2 according to the following table of contents:

"TABLE OF CONTENTS

"CHAPTER	I—MILITARY ASSISTANCE
"CHAPTER	II—ECONOMIC ASSISTANCE
"Title	I—Defense Support
"Title	II—Development Loan Fund
"Title	III—Technical Cooperation
"Title	IV—Other Programs
"CHAPTER	III—SPECIAL ASSISTANCE AND CONTINGENCY FUND
"CHAPTER	IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

3 CHAPTER I—MILITARY ASSISTANCE

4 MILITARY ASSISTANCE

5 SEC. 101. Subsection (a) of section 103 of the Mutual
6 Security Act of 1954, as amended, which relates to military
7 assistance, is amended by striking out "1958" and "\$1,600,-
8 000,000" and inserting in lieu thereof "1959" and "\$1,640,-
9 000,000", respectively.

10 PROCUREMENT PROGRAMS RELATING TO MILITARY
11 ASSISTANCE

12 SEC. 102. Paragraph (1) of subsection (b) of section
13 105 of the Mutual Security Act of 1954, as amended, which
14 relates to conditions applicable to military assistance, is
15 amended by inserting immediately before the period at the
16 end thereof the following: "including coordinated produc-
17 tion and procurement programs participated in by the
18 members of the North Atlantic Treaty Organization to the
19 greatest extent possible with respect to military equipment

1 and materials to be utilized for the defense of the North
2 Atlantic area”.

3 CHAPTER II—ECONOMIC ASSISTANCE

4 DEFENSE SUPPORT AND GENERAL PROVISIONS

5 SEC. 201. (a) Subsection (b) of section 131 of the
6 Mutual Security Act of 1954, as amended, which relates
7 to defense support, is amended by striking out “1958” and
8 “\$750,000,000” and inserting in lieu thereof “1959” and
9 “\$775,000,000”, respectively.

10 (b) Section 143 of the Mutual Security Act of 1954,
11 as amended, which relates to assistance to Yugoslavia, is
12 amended to read as follows:

13 “SEC. 143. ASSISTANCE TO YUGOSLAVIA.—Notwith-
14 standing any other provision of law, no assistance under this
15 title or any other title of this Act shall be furnished to
16 Yugoslavia after the expiration of ninety days following
17 the date of the enactment of the Mutual Security Act of
18 1958, unless the President finds and so reports to the Con-
19 gress, with his reasons therefor, (1) that there has been
20 no change in the Yugoslavian policies on the basis of which
21 assistance under this Act has been furnished to Yugoslavia
22 in the past, and that Yugoslavia is independent of control by
23 the Soviet Union; (2) that Yugoslavia is not participating
24 in any policy or program for the Communist conquest of the

1 world, and ~~(3)~~ that it is in the interest of the national
 2 security of the United States to continue the furnishing of
 3 assistance to Yugoslavia under this Act. The President shall
 4 keep the Foreign Relations Committee and the Appropria-
 5 tions Committee of the Senate and the Speaker of the House
 6 of Representatives fully and constantly informed of any
 7 assistance furnished to Yugoslavia under this Act."

8 DEVELOPMENT LOAN FUND

9 SEC. 202. Title II of the chapter designated by para-
 10 graph ~~(2)~~ of section 501 of this Act as chapter II of the
 11 Mutual Security Act of 1954, as amended, which relates to
 12 the Development Loan Fund, is amended as follows:

13 ~~(a)~~ Amend section 202, which relates to general au-
 14 thority, as follows:

15 ~~(1)~~ Strike out subsection ~~(a)~~ and substitute the
 16 following:

17 ~~"(a)~~ To carry out the purposes of this title, there
 18 is hereby created as an agency of the United States of
 19 America, subject to the direction and supervision of the
 20 President, a body corporate to be known as the 'Develop-
 21 ment Loan Fund' (hereinafter referred to in this title as the
 22 'Fund') which shall have succession in its corporate name.
 23 The Fund shall have its principal office in the District of
 24 Columbia and shall be deemed, for purposes of venue in civil
 25 actions, to be a resident thereof. It may establish offices in

1 such other place or places as it may deem necessary or
2 appropriate.”

3 ~~(2)~~ In subsection ~~(b)~~, strike out all preceeding “is here-
4 by” in the first sentence and substitute “The Fund”; strike
5 out “he” in the first sentence and substitute “it”; strike
6 out “and ~~(3)~~” in the first sentence and substitute “~~(3)~~”;
7 insert before the period at the end of the first sentence “, and
8 ~~(4)~~ the possible adverse effects upon the economy of the
9 United States, with special reference to areas of substantial
10 labor surplus, of the activity and the financing operation or
11 transaction involved”; strike out “from” in the second sen-
12 tence and substitute “by”; insert after the third sentence
13 “The provisions of section 955 of title 48 of the United
14 States Code shall not apply to prevent any person, including
15 any individual, partnership, corporation, or association, from
16 acting for or participating with the Fund in any operation
17 or transaction, or from acquiring any obligation issued in con-
18 nection with any operation or transaction, engaged in by the
19 Fund.”; and strike out the last two sentences and substitute
20 the following new sentence: “The President’s semiannual
21 reports to the Congress on operations under this Act, as
22 provided for in section 534 of this Act, shall include detailed
23 information on the implementation of this title.”

24 ~~(b)~~ Amend section 204, which relates to fiscal pro-
25 visions, as follows:

1 (1) In subsection (b), substitute "Fund" for "Presi-
 2 dent" in the first sentence and strike out "against the Fund"
 3 in that sentence; change "authorized" to "made available"
 4 in the second sentence; and insert "assets of the" before
 5 "Fund" in the third sentence.

6 (2) Strike out subsection (c) and substitute the fol-
 7 lowing:

8 "(c) The fund shall be deemed to be a wholly owned
 9 Government corporation and shall accordingly be subject to
 10 the applicable provisions of the Government Corporation
 11 Control Act, as amended."

12 (c) Amend section 205, which relates to powers and
 13 authorities, as follows:

14 (1) Insert "MANAGEMENT," before "POWERS" in the
 15 heading of the section.

16 (2) Strike out subsections (a) and (b) and substitute
 17 the following new subsections:

18 "(a) The management of the Fund shall be vested in
 19 a Board of Directors (hereinafter referred to in this title
 20 as the 'Board') consisting of the Deputy Under Secretary
 21 of State for Economic Affairs, who shall be Chairman, the
 22 Director of the International Cooperation Administration,
 23 the Chairman of the Board of Directors of the Export-Import
 24 Bank, the Managing Director of the Fund, and the United
 25 States Executive Director on the International Bank for

1 Reconstruction and Development. The Board shall carry
2 out its functions subject to the foreign policy guidance of the
3 Secretary of State. The Board shall act by a majority vote
4 participated in by a quorum; and three members of the
5 Board shall constitute a quorum. Subject to the foregoing
6 sentence, vacancies in the membership of the Board shall
7 not affect its power to act. The Board shall meet for organi-
8 zation purposes when and where called by the Chairman.
9 The Board may, in addition to taking any other necessary
10 or appropriate actions in connection with the management
11 of the Fund, adopt, amend, and repeal bylaws governing the
12 conduct of its business and the performance of the authorities,
13 powers, and functions of the Fund and its officers and em-
14 ployees, but said Corporation shall not borrow any funds
15 from any source without the express legislative permission of
16 the Congress. —The members of the Board shall receive no
17 compensation for their services on the Board but may be paid
18 actual travel expenses and per diem in lieu of subsistence
19 under the Standardized Government Travel Regulations in
20 connection with travel or absence from their homes or regu-
21 lar places of business for purposes of business of the Fund.

22 “(b) There shall be a Managing Director of the Fund
23 who shall be the chief executive officer of the Fund, who
24 shall be appointed by the President of the United States by
25 and with the advice and consent of the Senate, and whose

1 compensation shall be at a rate of \$20,000 a year. There
 2 shall also be a Deputy Managing Director of the Fund, whose
 3 compensation shall be at a rate not in excess of \$19,000 a
 4 year, and three other officers of the Fund, whose titles shall
 5 be determined by the Board and whose compensation shall
 6 be at a rate not in excess of \$18,000 per year. Appoint-
 7 ment to the offices provided for in the preceding sentence
 8 shall be by the Board. The Managing Director, in his
 9 capacity as chief executive officer of the Fund, the Deputy
 10 Managing Director and the other officers of the Fund shall
 11 perform such functions as the Board may designate and shall
 12 be subject to the supervision and direction of the Board.
 13 During the absence or disability of the Managing Director
 14 or in the event of a vacancy in the office of Managing Direc-
 15 tor, the Deputy Managing Director shall act as Managing
 16 Director, or, if the Deputy Managing Director is also absent
 17 or disabled or the office of Deputy Managing Director is
 18 vacant, such other officer as the Board may designate shall
 19 act as Managing Director. The offices provided for in this
 20 subsection shall be in addition to positions otherwise
 21 authorized by law."

22 ~~(3)~~ In subsection ~~(c)~~:

23 ~~(i)~~ Strike out all in the first sentence preceding
 24 “: enter into” and substitute “The Fund, in addition to other

1 powers and authorities vested in or delegated or assigned
2 to the Fund or its officers or the Board, may”;

3 (ii) Strike out “may be deemed” in the first clause of
4 the first sentence and substitute “it may deem”;

5 (iii) Strike out “under this title” in the fourth clause of
6 the first sentence and substitute “of the Fund”;

7 (iv) Strike out “the Manager of” in the fifth clause,
8 both times it appears in the seventh clause, and in the last
9 clause of the first sentence;

10 (v) Insert after the seventh clause of the first sentence,
11 following “collection;”, the following: “adopt, alter and use
12 a corporate seal which shall be judicially noticed; require
13 bonds for the faithful performance of the duties of its officers,
14 attorneys, agents and employees and pay the premiums
15 thereon; sue and be sued in its corporate name (provided
16 that no attachment, injunction, garnishment, or similar proe-
17 cess, mesne or final, shall be issued against the Fund or any
18 officer thereof, including the Board or any member thereof,
19 in his official capacity or against property or funds owned or
20 held by the Fund or any such officer in his official capacity);
21 exercise, in the payment of debts out of bankrupt, insolvent
22 or decedent’s estates, the priority of the Government of the
23 United States; purchase one passenger motor vehicle for use

1 in the continental United States and replace such vehicle
2 from time to time as necessary; use the United States mails
3 in the same manner and under the same conditions as the
4 executive departments of the Federal Government;”;

5 ~~(vi)~~ Strike out all following “operation” in the last
6 clause of the first sentence and substitute “, or in carrying
7 out any function.”.

8 ~~(vii)~~ Insert the following new sentence after the first
9 sentence of the subsection: “Nothing herein shall be con-
10 strued to exempt the Fund or its operations from the appli-
11 cation of sections 507 ~~(b)~~ and 2679 of title 28, United
12 States Code or of section 367 of the Revised Statutes ~~(5~~
13 ~~U. S. C. 316)~~.”.

14 ~~(4)~~ Insert the following new subsections:

15 “~~(d)~~ The Fund shall contribute, from the respective
16 appropriation or fund used for payment of salaries, pay or
17 compensation, to the civil service retirement and disability
18 fund, a sum as provided by section four ~~(a)~~ of the Civil
19 Service Retirement Act, as amended ~~(5 U. S. C. 2254a)~~,
20 except that such sum shall be determined by applying to the
21 total basic salaries ~~(as defined in that Act)~~ paid to the
22 employees of the Fund covered by that Act, the per centum
23 rate determined annually by the Civil Service Commission
24 to be the excess of the total normal cost per centum rate
25 of the civil service retirement system over the employee

1 deduction rate specified in said section 4 (a). The Fund
2 shall also contribute at least quarterly from such appropri-
3 ation or fund, to the employees' compensation fund, the
4 amount determined by the Secretary of Labor to be the full
5 cost of benefits and other payments made from such fund
6 on account of injuries and deaths of its employees which may
7 hereafter occur. The Fund shall also pay into the Treasury
8 as miscellaneous receipts that portion of the cost of adminis-
9 tration of the respective funds attributable to its employees,
10 as determined by the Civil Service Commission and the
11 Secretary of Labor.

12 “(e) The assets of the Development Loan Fund on the
13 date of entry into force of the Mutual Security Act of 1958
14 shall be transferred as of such date to the body corporate
15 created by section 202 (a) of this Act. In addition, records,
16 personnel, and property of the International Cooperation
17 Administration may, as agreed by the Managing Director
18 and the Director of the International Cooperation Admin-
19 istration or as determined by the President, be transferred
20 to the Fund. Obligations and liabilities incurred against,
21 and rights established or acquired for the benefit of or with
22 respect to, the Development Loan Fund during the period
23 between August 14, 1957, and the date of entry into force
24 of the Mutual Security Act of 1958 are hereby transferred
25 to, and accepted and assumed by, the body corporate created

1 by section 202 (a) of this Act. A person serving as Man-
 2 ager of the Development Loan Fund as of the date of entry
 3 into force of the Mutual Security Act of 1958 shall not, by
 4 reason of the entry into force of that Act, require reappoint-
 5 ment in order to serve in the office of Managing Director
 6 provided for in section 205 (b) of this Act.”.

7 TECHNICAL COOPERATION

8 SEC. 203. Title III of the chapter designated by para-
 9 graph (2) of section 501 of this Act as chapter II of the
 10 Mutual Security Act of 1954, as amended, which relates to
 11 technical cooperation, is amended as follows:

12 (a) In section 304, which relates to authorization,
 13 strike out “\$151,900,000” and insert in lieu thereof
 14 “\$150,000,000 for use beginning in the fiscal year 1959”.

15 (b) Amend section 306, which relates to multilateral
 16 technical cooperation, as follows:

17 (1) Insert “AND RELATED PROGRAMS” after “CO-
 18 OPERATION” in the heading of the section; insert “and this
 19 Act” after “title” in the first sentence; and insert “and
 20 related” after “cooperation” in the first sentence.

21 (2) In subsection (a), which relates to contributions to
 22 the United Nations expanded program of technical assistance,
 23 strike out “\$15,500,000” and “1958” and substitute “\$20,-
 24 000,000” and “1959”, respectively; insert “and such related
 25 fund as may hereafter be established” after “Assistance”;

1 and in the proviso change "to this program" to "for such
 2 purpose" and after the word "contributed" the first time it
 3 appears, strike the remainder of the subsection and insert
 4 "for such purpose and for each succeeding calendar year as
 5 much as but not to exceed 40 per centum of the total amount
 6 contributed for such purpose for that year."

7 ~~(3)~~ In subsection ~~(b)~~, which relates to contributions to
 8 the technical cooperation program of the Organization of
 9 American States, strike out "1958" and substitute "1959".

10 ~~(c)~~ Repeal section 308, which relates to the Inter-
 11 national Development Advisory Board.

12 OTHER PROGRAMS

13 SEC. 204. Title IV of the chapter designated by section
 14 501 of this Act as chapter II of the Mutual Security Act of
 15 1954, as amended, which relates to other programs, is
 16 further amended as follows:

17 ~~(a)~~ In section 402, which relates to earmarking of
 18 funds, strike out "1958" in the first sentence and substitute
 19 "1959".

20 ~~(b)~~ Repeal sections 403 and 404, which relate, re-
 21 spectively, to special assistance in joint control areas and
 22 responsibilities in Germany, and substitute the following new
 23 section:

24 "SEC. 403. RESPONSIBILITIES IN GERMANY.—The
 25 President is hereby authorized to use during the fiscal year

1 1959 not to exceed \$8,200,000 of the funds made available
2 pursuant to section 450 (a) of this Act in order to meet the
3 responsibilities or objectives of the United States in Germany,
4 including West Berlin. In carrying out this section, the
5 President may also use currency which has been or may be
6 deposited in the GARIOA (Government and Relief in Occu-
7 pied Areas) Special Account, including that part of the
8 German currency now or hereafter deposited under the
9 bilateral agreement of December 15, 1949, between the
10 United States and the Federal Republic of Germany (or
11 any supplementary or succeeding agreement) which, upon
12 approval by the President, shall be deposited in the GARIOA
13 Special Account under the terms of article V of that agree-
14 ment. The President may use the funds available for the
15 purposes of this section on such terms and conditions as he
16 may specify, and without regard to any provision of law
17 which he determines must be disregarded.”

18 (c) Amend section 405, which relates to migrants,
19 refugees, and escapees, as follows:

20 (1) In subsection (c), strike out all following “fiscal
21 year” and substitute “1959 not to exceed \$1,200,000 for
22 contributions to the program of the United Nations High
23 Commissioner for Refugees for assistance to refugees under
24 his mandate.”

25 (2) In subsection (d), strike out “1958” and

1 “\$5,500,000” and substitute “1959” and “\$8,600,000”,
 2 respectively.

3 (d) In section 406, which relates to children’s welfare,
 4 strike out “1958” and substitute “1959”.

5 (e) In section 407, which relates to Palestine refugees
 6 in the Near East, insert “for the fiscal year 1959” before
 7 “not to exceed” in the first sentence; and strike out “\$65,-
 8 000,000” in the first sentence and substitute “\$25,000,000”.

9 (f) In section 409 (c), which relates to ocean freight
 10 charges, strike out “1958” and “\$2,200,000” and substitute
 11 “1959” and “\$2,100,000”, respectively.

12 (g) In section 410, which relates to Control Act ex-
 13 penses, strike out “1958” in the first sentence and substitute
 14 “1959”.

15 (h) Amend section 411, which relates to administra-
 16 tive and other expenses, as follows:

17 (1) In subsection (b), strike out “1958” and “\$32,-
 18 750,000” and substitute “1959” and “\$33,000,000”, re-
 19 spectively; and insert “and title II of chapter II” imme-
 20 diately before the close of the first parentheses;

21 (2) In subsection (e), insert “functions of the Depart-
 22 ment under this Act or for” before “normal”.

23 (i) In section 413 (b) (4), which relates to encour-
 24 agement of free enterprise and private participation, strike
 25 out “the agency primarily” and substitute “an agency”; sub-

1 stitute a colon for the semicolon at the end of subparagraph
 2 (E), and add the following proviso to that subparagraph:
 3 “*Provided*, That in the event the fee to be charged for a type
 4 of guaranty is reduced, fees to be paid under existing con-
 5 tracts for the same type of guaranty may be similarly re-
 6 duced;” and insert after “Director of the International
 7 Cooperation Administration” both times it appears in sub-
 8 paragraph (F) “or such other officer as the President may
 9 designate”.

10 (j) Section 414 (b) of such Act, which relates to mu-
 11 nitions control, is amended by adding at the end thereof the
 12 following: “Such regulations shall prohibit the return to the
 13 United States (other than for the Armed Forces of the
 14 United States and its allies) of any military arms or ammuni-
 15 tion furnished to foreign governments by the United States
 16 under this Act or any other foreign assistance program of
 17 the United States.”

18 (k) In section 419 (a), which relates to atoms for
 19 peace, strike out “1958” and “\$7,000,000” in the second
 20 sentence and substitute “1959” and “\$5,500,000”, respec-
 21 tively.

22 (l) In section 420, which relates to malaria eradica-
 23 tion, delete “The” in the second sentence and insert “In ad-
 24 dition to such assistance as may be furnished for this purpose
 25 in accordance with the provisions of title II of chapter II,

1 the"; insert after the word "authorized" in the second sen-
 2 tence "to use funds made available under this Act (other
 3 than chapter I, and title II of chapter II)"; and strike out
 4 the last sentence.

5 CHAPTER III—SPECIAL ASSISTANCE AND 6 CONTINGENCY FUND

7 SPECIAL ASSISTANCE

8 SEC. 301. The section of the Mutual Security Act of
 9 1954, as amended, redesignated by paragraph (11) (B) of
 10 section 501 of this Act as section 450 of chapter III of the
 11 Mutual Security Act of 1954, as amended, which relates to
 12 special assistance, is amended by striking out "1958" and
 13 "\$250,000,000" in the first sentence of subsection (a) and
 14 inserting in lieu thereof "1959" and "\$185,000,000", re-
 15 spectively; and by striking out all following "stability" in
 16 the first sentence and all of the last sentence and inserting
 17 a period.

18 PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY 19 FUND

20 SEC. 302. The section of the Mutual Security Act of
 21 1954, as amended, redesignated by paragraph (11) (B)
 22 of section 501 of this Act as section 451 of chapter III of
 23 the Mutual Security Act of 1954, as amended, which relates
 24 to the President's special authority, is amended as follows:

1 ~~(a)~~ Insert “AND CONTINGENCY FUND” after “AUTHOR-
2 ITY” in the heading of this section.

3 ~~(b)~~ Subsection ~~(a)~~ is amended as follows:

4 ~~(1)~~ In the first sentence, insert “for use” after “made
5 available”; strike out “such use by section 400 ~~(a)~~ of this
6 Act” and substitute “use under this subsection by subsection
7 ~~(b)~~ of this section”; strike out “pursuant to authorizations
8 contained in” and substitute “for use under”; and

9 ~~(2)~~ In the second and last sentence strike out “section”
10 both times it appears and substitute “subsection”.

11 ~~(c)~~ Redesignate subsection ~~(b)~~ as subsection ~~(c)~~, and
12 insert the following new subsection ~~(b)~~:

13 “~~(b)~~ There is hereby authorized to be appropriated to
14 the President for the fiscal year 1959 not to exceed \$100,-
15 000,000 for assistance authorized by this Act, other than by
16 title II of chapter II, in accordance with the provisions of
17 this Act applicable to the furnishing of such assistance. Any
18 of the funds authorized to be appropriated pursuant to this
19 subsection for any fiscal year may be used in such year in
20 accordance with the provisions of subsection ~~(a)~~ of this
21 section.”

22 ~~(d)~~ In the last sentence of subsection ~~(c)~~, insert “sub-
23 section ~~(a)~~ of” after “under”.

1 ~~CHAPTER IV—GENERAL AND ADMINISTRATIVE~~
2 ~~PROVISIONS~~

3 ~~GENERAL PROVISIONS~~

4 SEC. 491. The chapter designated by paragraph ~~(15)~~ of
5 section 501 of this Act as chapter IV of the Mutual Security
6 Act of 1954, as amended, which relates to general and
7 administrative provisions, is further amended as follows:

8 ~~(a) (1)~~ Section 502 ~~(b)~~, which relates to use of
9 counterpart funds by committees of the Congress, is amended
10 by adding at the end thereof the following: "The amount of
11 local currency used by any such committee shall be charged
12 against any amounts made available to such committee from
13 the contingent fund of the House of Representatives (if the
14 committee is a committee of the House of Representatives)
15 or from the contingent fund of the Senate (if the committee
16 is a committee of the Senate or is a joint committee) for ex-
17 penses incurred by it; and the use of such currency shall be
18 subject to all the reporting and other requirements, including
19 limitations on travel, which apply generally to the expendi-
20 ture of amounts made available to such committee from such
21 contingent fund. No local currency shall be available for
22 use by any committee if the amount of the currency so used,
23 when added to the amounts actually expended from such con

1 tingent fund, would result in expenditures in excess of the
 2 total amount which was authorized to be expended from such
 3 contingent fund by such committee.”

4 (2) The amendment made by this subsection shall take
 5 effect on the day of the first meeting of the Eighty-sixth
 6 Congress.

7 (b) Section 509, which relates to shipping on United
 8 States vessels, is amended by adding the following new sen-
 9 tence at the end thereof: “Sales of fresh fruit and the prod-
 10 ucts thereof under this Act shall be exempt from the require-
 11 ments of the cargo preference laws (Public Resolution 17,
 12 Seventy-third Congress, and section 901 (b) of the Mer-
 13 chant Marine Act, 1936, as amended).”

14 (c) Section 510, which relates to purchase of commodi-
 15 ties, is amended by striking out “title II or” in the first sen-
 16 tence.

17 (d) Add the following new sections immediately after
 18 section 515:

19 “SEC. 516. PROHIBITION AGAINST DEBT RETIRE-
 20 MENT.—None of the funds made available under this Act nor
 21 any of the counterpart funds generated as a result of assist-
 22 ance under this Act or any other Act shall be used to make
 23 payments on account of the principal or interest on any debt
 24 of any foreign government or on any loan made to such gov-

ernment by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

“SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—After June 30, 1958, no agreement or grant which constitutes an obligation of the United States under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 450 (a)—

“(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

“(2) if such agreement or grant requires legislative action within the recipient country, unless such legisla-

1 tive action may reasonably be anticipated to be com-
2 pleted within one year from the date the agreement or
3 grant is made.

4 All funds obligated for assistance pursuant to each agree-
5 ment or grant described in subparagraph (1) or (2) of this
6 section shall be used only to liquidate the obligations pursu-
7 ant to such agreement or grant, and any funds not so used
8 shall revert to the Treasury of the United States. This sec-
9 tion shall not apply to any assistance furnished for the sole
10 purpose of preparation of engineering, financial, and other
11 plans.

12 "SEC. 518. PROTECTION OF UNITED STATES ECON-
13 OMY. Operations under titles I and II of chapter II shall
14 be reviewed at least once a year by a committee composed
15 of the Secretary of State, the Secretary of the Treasury, the
16 Secretary of Commerce, the Secretary of Labor, and the
17 Secretary of Agriculture for the purpose of determining
18 whether such operations have adversely affected the economy
19 of the United States, with special reference to areas of
20 substantial labor surplus. If the committee finds that the
21 economy of the United States in general or any area of
22 substantial labor surplus in particular has suffered undue
23 adverse effects as a result of such operations, the committee
24 shall make appropriate recommendations to the President
25 and the Congress."

1 ~~(e)~~ Section 537, which relates to provisions on uses
 2 of funds, is amended as follows: in subsection ~~(a)~~ ~~(1)~~; strike
 3 out “for the fiscal year 1958”; and in subsection ~~(e)~~; strike
 4 out “Not to exceed \$18,000,000” and substitute “Notwith-
 5 standing the provisions of section 406 ~~(a)~~ of Public Law
 6 85-241, not to exceed \$26,000,000”, and add the following
 7 new clause before the period: “, and not to exceed \$2,750,-
 8 000 of funds made available for assistance in other countries
 9 under this Act may be used ~~(in addition to funds available~~
 10 ~~for such use under other authorities in this Act)~~ for construc-
 11 tion or acquisition of such facilities for such purposes else-
 12 where”; and add the following new subsection:

13 ~~“(f)~~ The President shall submit to the Congress on or
 14 before January 10 in each year a report detailing the assist-
 15 ance to be provided for the next fiscal year under title I of
 16 chapter II and under chapter III, which shall contain a clear
 17 and detailed explanation of the method by which the pro-
 18 posed levels of aid for each country have been arrived at,
 19 including a listing of all significant factors considered in
 20 determining each level of aid, the reason for the inclusion of
 21 each factor, and the monetary value assigned to each, to-
 22 gether with an explanation of the manner in which these
 23 factors are reconciled to yield a specific dollar figure which
 24 constitutes each level of aid.”.

25 ~~(f)~~ Amend section 543 ~~(d)~~, which relates to saving

1 provisions, by striking out "Act of 1956 or the Mutual Se-
 2 curity Act of 1957" and substituting "Act of 1956, 1957,
 3 or 1958" in the first sentence and by inserting the follow-
 4 ing new sentence after the second sentence: "Until June 30,
 5 1958, funds used for the purposes of this Act shall be so
 6 used in accordance with the provisions of this Act as in
 7 effect prior to the effective date of the Mutual Security Act
 8 of 1958."

9 (g) Amend section 545, which relates to definitions,
 10 as follows:

11 (1) In subsection (j), insert "the Development Loan
 12 Fund and" after "refer to" and strike out "title II,".

13 (2) In subsection (k), insert "the Board of Directors
 14 of the Development Loan Fund and" after "refer to" and
 15 strike out "title II,".

16 SEC. 519. PROHIBITION AGAINST UNJUSTIFIED PUB-
 17 LIC WORKS. None of the funds authorized to be made
 18 available under this Act shall be used for any flood control,
 19 river and harbor or water development project in a foreign
 20 country that does not meet the benefit-cost standards and
 21 economic feasibility requirements established for similar proj-
 22 ects in the United States.

1 CHAPTER V—REORGANIZATION OF MUTUAL
2 SECURITY ACT OF 1954 AND AMENDMENTS
3 TO OTHER LAWS

4 REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

5 SEC. 501. The Mutual Security Act of 1954, as amended,
6 is further amended as follows:

7 ~~(1)~~ Strike out the heading of title I and of chapter I
8 of such title, and immediately before section 101, insert the
9 following:

10 “CHAPTER I—MILITARY ASSISTANCE”

11 ~~(2)~~ Immediately above section 131, strike out the
12 chapter heading and insert in lieu thereof the following:

13 “CHAPTER II—ECONOMIC ASSISTANCE

14 “TITLE I—DEFENSE SUPPORT”

15 ~~(3)~~ In section 131 ~~(a)~~ strike out “chapter 1 of this
16 title” and insert in lieu thereof “chapter I”.

17 ~~(4)~~ In section 131 ~~(d)~~, immediately after “title”, insert
18 “or chapter I”.

19 ~~(5)~~ Immediately above section 141, strike out the
20 chapter heading.

21 ~~(6)~~ In section 141, immediately after “title” both times
22 it appears insert “or chapter I”.

1 ~~(7) (A) In section 142 (a), strike out “chapter 1 of~~
2 ~~this title” each place it appears and insert “chapter 1”.~~

3 ~~(B)~~ In such section 142 (a), strike out “under this
4 title” and “purposes of this title” each place they appear
5 and insert “under chapter I or under this title”, and “pur-
6 poses of chapter I or of this title”, respectively.

7 ~~(8)~~ Section 142 ~~(b)~~ is amended by striking out “chap-
8 ter 3 of title I of this Act” and inserting in lieu thereof
9 “this title”.

10 ~~(9)~~ Section 144 is amended by inserting immediately
11 after “under this title” the following: “or chapter I”.

~~(10) Section 202 (b) is amended by striking out “401~~
~~(a)” and inserting in lieu thereof “451 (a)”.~~

14 ~~(11) (A)~~ Immediately after section 420, insert the
15 following new chapter heading:

16 ~~“CHAPTER III—SPECIAL ASSISTANCE AND~~
17 ~~CONTINGENCY FUND”~~

18 ~~(B) Sections 400 and 401 are redesignated as sections~~
19 450 and 451, respectively, of chapter III.

20 ~~(12) Section 405 (d) is amended by striking out “401”~~
21 ~~and inserting in lieu thereof “451”.~~

22 ~~(13)~~ Section 410 is amended by striking out “chapter 1
23 of title I” and inserting in lieu thereof “chapter I”.

24 ~~(14)~~ Section 411 (b) is amended by striking out

1 “chapter 1 of title I” and inserting in lieu thereof “chapter
2 I”.

3 ~~(15)~~ Immediately above section 501, strike out the
4 heading of title V and of chapter 1 of that title and insert
5 the following:

6 “~~CHAPTER IV—GENERAL AND ADMINISTRA-~~
7 ~~TIVE PROVISIONS~~”

8 ~~(16)~~ Section 503 is amended by striking out “chapter
9 1 of title I” and inserting in lieu thereof “chapter I”.

10 ~~(17)~~ (A) Section 504 (a) is amended by striking out
11 “titles II, III, and IV, and chapter 3 of title I,” and insert-
12 ing in lieu thereof “chapters II and III”.

13 ~~(B)~~ Section 504 (c) is amended by striking out “chap-
14 ter 1 of title I” and inserting in lieu thereof “chapter I”.

15 ~~(18)~~ (A) The first sentence of section 510 is amended
16 by striking out “chapter 3 of title I” and inserting in lieu
17 thereof “title I of chapter II”.

18 ~~(B)~~ The third sentence of section 510 is amended by
19 striking out “title II or chapter 3 of title I” and inserting in
20 lieu thereof “title I or II of chapter II”.

21 ~~(19)~~ Section 511 (a) is amended by striking out “title
22 I” and inserting in lieu thereof “chapter I or title I of
23 chapter II”.

24 ~~(20)~~ Section 511 (c) is amended by striking out

1 “chapter 1 of title I” and inserting in lieu thereof “chapter
2 I”.

3 ~~(21)~~ Section 513 is amended by striking out “401” and
4 inserting in lieu thereof “451”.

5 ~~(22)~~ Immediately above section 521, strike out the
6 chapter heading.

7 ~~(23)~~ In section 521 ~~(b)~~, insert “of chapter II” im-
8 mediately after “title III”.

9 ~~(24)~~ In section 521 ~~(c)~~, strike out “chapter 3 of title
10 I” and insert in lieu thereof “title I of chapter II”.

11 ~~(25)~~ Sections 522 ~~(e)~~ and 522 ~~(d)~~ are each amended
12 by striking out “chapter 1 of title I” and inserting in lieu
13 thereof “chapter I”.

14 ~~(26)~~ Section 523 ~~(c)~~ ~~(2)~~ is amended by striking out
15 “chapter 1 of title I” and inserting in lieu thereof “chapter
16 I”.

17 ~~(27)~~ Section 524 is amended by striking out “chapter
18 1 of title I” and inserting in lieu thereof “chapter I”.

19 ~~(28)~~ Section 534 is amended by striking out “400”
20 and inserting in lieu thereof “450”.

21 ~~(29)~~ The portion of section 537 ~~(a)~~ which precedes
22 paragraph ~~(1)~~ is amended by striking out “chapter 1 of title
23 I” and inserting in lieu thereof “chapter I”.

24 ~~(30)~~ Section 537 ~~(d)~~ is amended by striking out “400
25 ~~(a)~~” and inserting in lieu thereof “450 ~~(a)~~”.

1 ~~(31)~~ Immediately above section 541, strike out the
2 chapter heading.

3 ~~(32)~~ Section 545 ~~(c)~~ is amended by striking out
4 “chapter 1 of title II” and inserting in lieu thereof “chapter
5 I”.

6 ~~(33)~~ Section 545 ~~(h)~~ is amended by striking out
7 “chapter 1 of title I” each place it appears and inserting
8 in lieu thereof “chapter I”.

9 ~~(34)~~ Sections 545 ~~(j)~~ and 545 ~~(k)~~ are each amended
10 by striking out “chapter 3 of”, and by inserting “of chapter
11 II or under chapter III” immediately after “title IV”.

12 ~~(35)~~ Section 549 is amended by inserting “of chapter
13 II” immediately after “title III”.

14 AMENDMENTS TO OTHER LAWS

15 SEC. 502. ~~(a)~~ The Defense Base Act, as amended ~~(42~~
16 U. S. C. 1651), is further amended as follows:

17 ~~(1)~~ In subsection ~~(a)~~ of the first section, insert the
18 following new subparagraph between subparagraph ~~(4)~~ and
19 the last five lines:

20 ~~“(5)~~ under a contract approved and financed by
21 the United States or any executive department, in-
22 dependent establishment, or agency thereof ~~(including~~
23 any corporate instrumentality of the United States),
24 or any subcontract or subordinate contract with respect
25 to such contract, where such contract is to be performed

1 outside the continental United States, under the Mutual
2 Security Act of 1954, as amended (other than title II
3 of chapter II thereof), and not otherwise within the
4 coverage of this section, and every such contract shall
5 contain provisions requiring that the contractor (and
6 subcontractor or subordinate contractor with respect to
7 such contract) (A) shall, before commencing perform-
8 ance of such contract, provide for securing to or on
9 behalf of employees engaged in work under such con-
10 tract the payment of compensation and other benefits
11 under the provisions of this Act, and (B) shall maintain
12 in full force and effect during the term of such contract,
13 subcontract, or subordinate contract, or while employees
14 are engaged in work performed thereunder, the said
15 security for the payment of such compensation and
16 benefits; but nothing in this paragraph shall be construed
17 to apply to any employee of such contractor or sub-
18 contractor who is engaged exclusively in furnishing
19 materials or supplies under his contract;”.

20 (2) In subsection (c) of such section, strike “(3) or
21 (4)” in the last sentence and substitute therefor “(3), (4),
22 or (5)”.

23 (3) In subsection (f) of such section, insert “or
24 in any work under subparagraph (5) subsection (a) of this
25 section” between “this section” and “shall not apply”.

1 (b) In the first section of the Act of June 28, 1935, as
 2 amended (49 Stat. 425), strike out "\$30,000" and insert
 3 "\$33,000", and strike out "\$15,000" the first time it ap-
 4 pears and insert "\$18,000".

5 (c) In section 101 of the Government Corporation
 6 Control Act, as amended (31 U. S. C. 846), insert "Devel-
 7 opment Loan Fund;" before "Institute of Inter-American
 8 Affairs".

9 (d) In section 2 of the Act of July 11, 1956 (70 Stat.
 10 523), strike out all beginning with "An" down through
 11 "Conference and" and substitute "There is authorized to be
 12 appropriated annually, for the annual contribution of the
 13 United States toward the maintenance of the North Atlantic
 14 Treaty Organization Parliamentary Conference, such sum as
 15 may be agreed upon by the United States Group and ap-
 16 proved by such Conference, but in no event to exceed for
 17 any year an amount equal to 25 per centum of the total
 18 annual contributions made for that year by all members of
 19 the North Atlantic Treaty Organization toward the main-
 20 tenance of such Conference, and".

21 (e) Section 5 of the Act of July 30, 1946 (22 U. S. C.
 22 287q) is amended by the addition of the following sentences
 23 at the end thereof: "The National Commission is further
 24 authorized to receive and accept services and gifts or be-
 25 quests of money or materials to carry out any of the educa-

1 tional, scientific, or cultural purposes of the National Com-
 2 mission as set forth in this Act and in the constitution of the
 3 Organization. Any money so received shall be held by the
 4 Secretary of State and shall be subject to disbursement
 5 through the disbursement facilities of the Treasury Depart-
 6 ment as the terms of the gift or bequest may require and
 7 shall remain available for expenditure by grant or otherwise
 8 until expended: *Provided*, That no such gift or bequest may
 9 be accepted or disbursed if the terms thereof are inconsistent
 10 with the purposes of the National Commission as set forth in
 11 this Act and in the constitution of the Organization. In no
 12 event shall the National Commission accept gifts or bequests
 13 in excess of \$200,000 in the aggregate in any one year.
 14 Gifts or bequests provided for herein shall, for the purposes
 15 of Federal income, estate, and gift taxes, be deemed to be a
 16 gift to or for the United States. The National Commission
 17 and the Secretary of State shall submit to Congress annual re-
 18 ports of receipts and expenditures of funds and bequests
 19 received and disbursed pursuant to the provisions of this
 20 section."

21 (f) The portion of subsection (a) of section 2 of the
 22 joint resolution of June 30, 1948, as amended (22 U. S. C.
 23 272a (a)), which precedes "as apportioned" is amended
 24 to read as follows: "(a) such sums as may be necessary
 25 for the payment by the United States of its share of the ex-

1 penses of the Organization, but not to exceed 25 per centum
2 of such expenses”.

3 (g) Section 101 (a) of the War Hazards Compen-
4 sation Act, as amended (42 U. S. C. 1701), is further
5 amended by inserting the following subparagraph between
6 subparagraph (3) and the last 15 lines: “or (4) to any per-
7 son who is an employee specified in section 1 (a) (5) of
8 the Defense Base Act, as amended, if no compensation is
9 payable with respect to such injury or death under such
10 Act, or to any person engaged under a contract for his per-
11 sonal services outside the United States approved and
12 financed by the United States under the Mutual Security
13 Act of 1954, as amended (other than title II of chapter II
14 thereof): *Provided*, That in cases where the United States
15 is not a formal party to contracts approved and financed
16 under the Mutual Security Act of 1954, as amended, the
17 Secretary, upon the recommendation of the head of any de-
18 partment or agency of the United States, may, in the exercise
19 of his discretion, waive the application of the provisions of
20 this subparagraph with respect to any such contracts, sub-
21 contracts, or subordinate contracts, work location under such
22 contracts, subcontracts, or subordinate contracts, or classifi-
23 cation of employees.”

24 *That this Act may be cited as the “Mutual Security Act of*
25 *1958”.*

1 *SEC. 2. Section 2 of the Mutual Security Act of 1954,*
2 *as amended, which relates to a statement of policy, is amended*
3 *by adding the following subsection:*

4 *“(d) The Congress recognizes the importance of the eco-*
5 *nomie development of the Republic of India to its people,*
6 *to democratic values and institutions, and to peace and sta-*
7 *bility in the world. Consequently, it is the sense of the Con-*
8 *gress that it is in the interest of the United States to join*
9 *with other nations in providing support of the type, magni-*
10 *tude, and duration, adequate to assist India to complete suc-*
11 *cessfully its current program for economic development.”*

12 *SEC. 3. Title I, chapter 1, of the Mutual Security Act of*
13 *1954, as amended, which relates to military assistance, is*
14 *further amended by striking out “1958” and “\$1,600,000,-*
15 *000” in section 103 (a) and substituting “1959” and “\$1,-*
16 *800,000,000”, respectively; and by adding the following*
17 *new sentences to section 105 (b) (4): “The President*
18 *annually shall review such findings and shall determine*
19 *whether military assistance is necessary. Internal security*
20 *requirements shall not normally be the basis for military*
21 *assistance programs to American Republics.”*

22 *SEC. 4. Title I, chapter 3, of the Mutual Security Act of*
23 *1954, as amended, which relates to defense support, is fur-*
24 *ther amended by striking out “1958” and “\$750,000,000”*

1 in section 131 (b) and substituting "1959" and "\$835,-
2 000,000", respectively.

3 *SEC. 5. Title I, chapter 4, of the Mutual Security Act*
4 *of 1954, as amended, which contains general provisions*
5 *relating to mutual defense assistance, is amended by inserting*
6 *before the period at the end of section 142 (b) (iii), relating*
7 *to the special foreign currency account, a colon and the fol-*
8 *lowing: "Provided, That if amounts in such remainder ex-*
9 *ceed the requirements of such programs, the recipient nation*
10 *may utilize such excess amounts for other purposes agreed*
11 *to by the United States which are consistent with the foreign*
12 *policy of the United States'.*

13 *SEC. 6. Title II of the Mutual Security Act of 1954,*
14 *as amended, which relates to the Development Loan Fund,*
15 *is further amended as follows:*

16 *(a) Amend section 202, which relates to general au-*
17 *thority, as follows:*

18 *(1) Strike out subsection (a) and substitute the*
19 *following:*

20 *"(a) To carry out the purposes of this title, there is*
21 *hereby created as an agency of the United States of America,*
22 *subject to the direction and supervision of the President, a*
23 *body corporate to be known as the 'Development Loan Fund'*
24 *(hereinafter referred to in this title as the 'Fund') which*

1 *shall have succession in its corporate name. The Fund shall*
 2 *have its principal office in the District of Columbia and shall*
 3 *be deemed, for purposes of venue in civil actions, to be a*
 4 *resident thereof. It may establish offices in such other place*
 5 *or places as it may deem necessary or appropriate.”.*

6 (2) *In subsection (b), strike out all preceding “is*
 7 *hereby” in the first sentence and substitute “The Fund”;*
 8 *strike out “he” in the first sentence and substitute “it”; strike*
 9 *out “and (3)” in the first sentence and substitute “(3)”;*
 10 *insert before the period at the end of the first sentence “and*
 11 *(4) the possible adverse effects upon the economy of the*
 12 *United States, with special reference to areas of substantial*
 13 *labor surplus, of the activity and the financing operation or*
 14 *transaction involved”; strike out “from” in the second sen-*
 15 *tence and substitute “by”; insert after the third sentence*
 16 *“The provisions of section 955 of title 18 of the United*
 17 *States Code shall not apply to prevent any person, including*
 18 *any individual, partnership, corporation, or association, from*
 19 *acting for or participating with the Fund in any operation*
 20 *or transaction, or from acquiring any obligation issued in*
 21 *connection with any operation or transaction, engaged in by*
 22 *the Fund.”; and strike out the last two sentences and substi-*
 23 *tute the following new sentence: “The President’s semiannual*
 24 *reports to the Congress on operations under this Act, as*

1 provided for in section 534 of this Act, shall include detailed
2 information on the implementation of this title.”.

3 (b) Amend section 204, which relates to fiscal provi-
4 sions, as follows:

5 (1) In subsection (b), substitute “Fund” for “Presi-
6 dent” in the first sentence and strike out “against the Fund”
7 in that sentence; change “authorized” to “made available”
8 in the second sentence; and insert “assets of the” before
9 “Fund” in the third sentence.

10 (2) Strike out subsection (c) and substitute the fol-
11 lowing:

12 “(c) The Fund shall be deemed to be a wholly owned
13 Government corporation and shall accordingly be subject
14 to the applicable provisions of the Government Corporation
15 Control Act, as amended.”.

16 (c) Amend section 205, which relates to powers and
17 authorities, as follows:

18 (1) Insert “MANAGEMENT,” before “POWERS” in the
19 heading of the section.

20 (2) Strike out subsections (a) and (b) and substitute
21 the following new subsections:

22 “(a) The management of the Fund shall be vested in
23 a Board of Directors (hereinafter referred to in this title
24 as the ‘Board’) consisting of the Under Secretary of State

1 *for Economic Affairs, who shall be Chairman, the Director*
2 *of the International Cooperation Administration, the Chair-*
3 *man of the Board of Directors of the Export-Import Bank,*
4 *the Managing Director of the Fund, and the United States*
5 *Executive Director on the International Bank for Recon-*
6 *struction and Development. The Board shall carry out its*
7 *functions subject to the foreign policy guidance of the Secre-*
8 *tary of State. The Board shall act by a majority vote par-*
9 *ticipated in by a quorum; and three members of the Board*
10 *shall constitute a quorum. Subject to the foregoing sentence,*
11 *vacancies in the membership of the Board shall not affect*
12 *its power to act. The Board shall meet for organization pur-*
13 *poses when and where called by the Chairman. The Board*
14 *may, in addition to taking any other necessary or appropriate*
15 *actions in connection with the management of the*
16 *Fund, adopt, amend and repeal bylaws governing*
17 *the conduct of its business and the performance of the au-*
18 *thorities, powers and functions of the Fund and its officers*
19 *and employees. The members of the Board shall receive no*
20 *compensation for their services on the Board but may be paid*
21 *actual travel expenses and per diem in lieu of subsistence*
22 *under the Standardized Government Travel Regulations in*
23 *connection with travel or absence from their homes or regular*
24 *places of business for purposes of business of the Fund.*

25 “(b) *There shall be a Managing Director of the Fund*

1 *who shall be the chief executive officer of the Fund, who*
2 *shall be appointed by the President of the United States by*
3 *and with the advice and consent of the Senate, and whose*
4 *compensation shall be at a rate of \$20,000 a year. There*
5 *shall also be a Deputy Managing Director of the Fund,*
6 *whose compensation shall be at a rate not in excess of*
7 *\$19,000 a year, and three other officers of the Fund, whose*
8 *titles shall be determined by the Board and whose compen-*
9 *sation shall be at a rate not in excess of \$18,000 per year.*
10 *Appointment to the offices provided for in the preceding*
11 *sentence shall be by the Board. The Managing Director,*
12 *in his capacity as chief executive officer of the Fund, the*
13 *Deputy Managing Director and the other officers of the Fund*
14 *shall perform such functions as the Board may designate and*
15 *shall be subject to the supervision and direction of the Board.*
16 *During the absence or disability of the Managing Director*
17 *or in the event of a vacancy in the office of Managing Di-*
18 *rector, the Deputy Managing Director shall act as Manag-*
19 *ing Director, or, if the Deputy Managing Director is also*
20 *absent or disabled or the office of Deputy Managing Direc-*
21 *tor is vacant, such other officer as the Board may designate*
22 *shall act as Managing Director. The offices provided for in*
23 *this subsection shall be in addition to positions otherwise*
24 *authorized by law.”.*

1 (3) *In subsection (c):*

2 (i) *Strike out all in the first sentence preceding “: enter*
3 *into” and substitute “The Fund, in addition to other powers*
4 *and authorities vested in or delegated or assigned to the Fund*
5 *or its officers or the Board, may”;*

6 (ii) *Strike out “may be deemed” in the first clause of*
7 *the first sentence and substitute “it may deem”;*

8 (iii) *Strike out “under this title” in the fourth clause*
9 *of the first sentence and substitute “of the Fund”;*

10 (iv) *Strike out “the Manager of” in the fifth clause,*
11 *both times it appears in the seventh clause, and in the last*
12 *clause of the first sentence;*

13 (v) *Insert after the seventh clause of the first sentence,*
14 *following “collection;”, the following: “adopt, alter, and use*
15 *a corporate seal which shall be judicially noticed; require*
16 *bonds for the faithful performance of the duties of its officers,*
17 *attorneys, agents, and employees and pay the premiums*
18 *thereon; sue and be sued in its corporate name (provided that*
19 *no attachment, injunction, garnishment, or similar process,*
20 *mesne or final, shall be issued against the Fund or any officer*
21 *thereof, including the Board or any member thereof, in his*
22 *official capacity or against property or funds owned or held*
23 *by the Fund or any such officer in his official capacity) ; exer-*
24 *cise, in the payment of debts out of bankrupt, insolvent or*
25 *decendent’s estates, the priority of the Government of the*

1 *United States; purchase one passenger motor vehicle for use*
 2 *in the continental United States and replace such vehicle*
 3 *from time to time as necessary; use the United States mails*
 4 *in the same manner and under the same conditions as the*
 5 *executive departments of the Federal Government;”;*

6 (vi) *Strike out all following “operation” in the last*
 7 *clause of the first sentence and substitute “, or in carrying*
 8 *out any function.”.*

9 (vii) *Insert the following new sentence after the first*
 10 *sentence of the subsection: “Nothing herein shall be con-*
 11 *strued to exempt the Fund or its operations from the appli-*
 12 *cation of sections 507 (b) and 2679 of title 28, United*
 13 *States Code, or of section 367 of the Revised Statutes (5*
 14 *U. S. C. 316), or to authorize the Fund to borrow any*
 15 *funds from any source without the express legislative per-*
 16 *mission of the Congress.”.*

17 (4) *Insert the following new subsections:*

18 “(d) *The Fund shall contribute, from the respective*
 19 *appropriation or fund used for payment of salaries, pay, or*
 20 *compensation, to the civil service retirement and disability*
 21 *fund, a sum as provided by section 4 (a) of the Civil Service*
 22 *Retirement Act, as amended (5 U. S. C. 2254a), except*
 23 *that such sum shall be determined by applying to the total*
 24 *basic salaries (as defined in that Act) paid to the employees*
 25 *of the Fund covered by that Act, the per centum rate de-*

1 *terminated annually by the Civil Service Commission to be the*
2 *excess of the total normal cost per centum rate of the civil*
3 *service retirement system over the employee deduction rate*
4 *specified in said section 4 (a). The Fund shall also con-*
5 *tribute at least quarterly from such appropriation or fund,*
6 *to the employees' compensation fund, the amount determined*
7 *by the Secretary of Labor to be the full cost of benefits and*
8 *other payments made from such fund on account of injuries*
9 *and deaths of its employees which may hereafter occur.*
10 *The Fund shall also pay into the Treasury as miscellaneous*
11 *receipts that portion of the cost of administration of the*
12 *respective funds attributable to its employees, as determined*
13 *by the Civil Service Commission and the Secretary of Labor.*
14 *“(e) The assets of the Development Loan Fund on the*
15 *date of entry into force of the Mutual Security Act of 1958*
16 *shall be transferred as of such date to the body corporate*
17 *created by section 202 (a) of this Act. In addition, records,*
18 *personnel, and property of the International Cooperation*
19 *Administration may, as agreed by the Managing Director*
20 *and the Director of the International Cooperation Admin-*
21 *istration or as determined by the President, be transferred*
22 *to the Fund. Obligations and liabilities incurred against,*
23 *and rights established or acquired for the benefit of or with*
24 *respect to, the Development Loan Fund during the peiroad*
25 *between August 14, 1957, and the date of entry into force*

1 of the Mutual Security Act of 1958 are hereby transferred
2 to, and accepted and assumed by, the body corporate created
3 by section 202 (a) of this Act. A person serving as
4 Manager of the Development Loan Fund as of the date of
5 entry into force of the Mutual Security Act of 1958 shall
6 not, by reason of the entry into force of that Act, require
7 reappointment in order to serve in the office of Managing
8 Director provided for in section 205 (b) of this Act.”.

9 SEC. 7. Title III of the Mutual Security Act of 1954,
10 as amended, which relates to technical cooperation, is further
11 amended as follows:

12 (a) In section 304, which relates to authorization, strike
13 out “\$151,900,000” and substitute “\$150,000,000 for use
14 beginning in the fiscal year 1959”.

15 (b) Amend section 306, which relates to multilateral
16 technical cooperation, as follows:

17 (1) Insert “AND RELATED PROGRAMS” after “COOPER-
18 ATION” in the heading of the section; insert “and this Act”
19 after “title” in the first sentence; and insert “and related”
20 after “cooperation” in the first sentence.

21 (2) In subsection (a), which relates to contributions
22 to the United Nations Expanded Program of Technical As-
23 sistance, strike out “\$15,500,000 for the fiscal year 1958”
24 and substitute “\$20,000,000 for the fiscal year 1959”; insert
25 “and such related fund as may hereafter be established” after

1 *“Assistance”; and in the proviso change “to this program”*
 2 *to “for such purpose” and change “to the program” where it*
 3 *appears three times to “for such purpose”.*

4 *(3) In subsection (b), which relates to contributions*
 5 *to the technical cooperation program of the Organization of*
 6 *American States, strike out “1958” and substitute “1959”.*

7 *SEC. 8. Title IV of the Mutual Security Act of 1954,*
 8 *as amended, which relates to other programs, is further*
 9 *amended as follows:*

10 *(a) In section 400 (a), which relates to special assist-*
 11 *ance, strike out “1958” and “\$250,000,000” in the first*
 12 *sentence and substitute “1959” and “\$212,000,000”, re-*
 13 *spectively; and strike out all following “stability” in the*
 14 *first sentence and all of the last sentence and insert a period.*

15 *(b) Amend section 401, which relates to President’s*
 16 *special authority, as follows:*

17 *(1) Insert “AND CONTINGENCY FUND” after “AU-*
 18 *THORITY” in the heading of this section.*

19 *(2) Subsection (a) is amended as follows:*

20 *(i) In the first sentence, insert “for use” after “made*
 21 *available”; strike out “such use by section 400 (a) of this*
 22 *Act” and substitute “use under this subsection by subsection*
 23 *(b) of this section”; strike out “pursuant to authorizations*
 24 *contained in” and substitute “for use under”; and*

1 (ii) In the second and last sentences strike out
2 "section" both times it appears and substitute "subsection".

3 (3) Redesignate subsection (b) as subsection (c), and
4 insert the following new subsection (b):

5 “(b) There is hereby authorized to be appropriated
6 to the President for the fiscal year 1959 not to exceed
7 \$200,000,000 for assistance authorized by this Act, other
8 than by title II, in accordance with the provisions of this
9 Act applicable to the furnishing of such assistance. \$100,-
10 000,000 of the funds authorized to be appropriated pur-
11 suant to this subsection for any fiscal year may be used in
12 such year in accordance with the provisions of subsection
13 (a) of this section.”

14 (4) In the last sentence of subsection (c), insert “sub-
15 section (a) of” after “under”.

16 (c) In section 402, which relates to earmarking of
17 funds, strike out “1958” in the first sentence and substitute
18 “1959”.

19 (d) Repeal section 403, which relates to special assist-
20 ance in joint control areas.

21 (e) Amend section 404, which relates to responsibilities
22 in Germany, by striking out “403” and inserting in lieu
23 thereof “400 (a)”.

1 (f) Amend section 405, which relates to migrants,
2 refugees, and escapees, as follows:

3 (1) In subsection (c), strike out all following "fiscal
4 year" and substitute "1959 not to exceed \$1,200,000 for
5 contributions to the program of the United Nations High
6 Commissioner for Refugees for assistance to refugees under
7 his mandate."

8 (2) In subsection (d), strike out "1958" and "\$5,500,-
9 000" and substitute "1959" and "\$8,600,000", respectively.

10 (g) In section 406, which relates to children's welfare,
11 strike out "1958" and substitute "1959".

12 (h) In section 407, which relates to Palestine refugees
13 in the Near East, amend the first sentence to read as follows:
14 "There is hereby authorized to be appropriated to the Presi-
15 dent for the fiscal year 1959 not to exceed \$25,000,000 to
16 be used to make contributions to the United Nations Relief
17 and Works Agency for Palestine Refugees in the Near East:
18 Provided, That of the funds appropriated pursuant to this
19 section \$5,000,000 shall be available only for repatriation or
20 resettlement of such refugees."

21 (i) In section 409 (c), which relates to ocean freight
22 charges, strike out "1958" and "\$2,200,000" and substitute
23 "1959" and "\$2,100,000", respectively.

24 (j) In section 410, which relates to Control Act ex-

1 *penses, strike out "1958" in the first sentence and substitute*
2 *"1959".*

3 *(k) Amend section 411, which relates to administrative*
4 *and other expenses, as follows:*

5 *(1) In subsection (b), strike out "1958" and*
6 *"\$32,750,000" and substitute "1959" and "\$31,000,000",*
7 *respectively; and insert "and title II" after "title I" within*
8 *the first parentheses;*

9 *(2) In subsection (c), insert "functions of the Depart-*
10 *ment under this Act or for" before "normal".*

11 *(l) In section 413 (b) (4), which relates to en-*
12 *couragement of free enterprise and private participation,*
13 *strike out "the agency primarily" and substitute "an*
14 *agency"; substitute a colon for the semicolon at the end of*
15 *subparagraph (E), and add the following proviso to that*
16 *subparagraph: "Provided, That in the event the fee to be*
17 *charged for a type of guaranty is reduced, fees to be paid*
18 *under existing contracts for the same type of guaranty may*
19 *be similarly reduced;"; and insert after "Director of the*
20 *International Cooperation Administration" both times it*
21 *appears in subparagraph (F) "or such other officer as the*
22 *President may designate".*

23 *(m) At the end of section 414 (b), which relates to*
24 *munitions control, add the following: "Such regulations*

1 shall prohibit the return to the United States for sale in the
 2 United States (other than for the Armed Forces of the
 3 United States and its allies) of any military firearms of
 4 United States manufacture, whether or not advanced in
 5 value or improved in condition in a foreign country. This
 6 prohibition shall not extend to similar firearms that have
 7 been so substantially transformed as to become, in effect,
 8 articles of foreign manufacture.”

9 (n) In section 419 (a), which relates to atoms for
 10 peace, strike out “1958” and “\$7,000,000” in the second
 11 sentence and substitute “1959” and “\$5,500,000”,
 12 respectively.

13 (o) In section 420, which relates to malaria eradica-
 14 tion, insert after the word “authorized” in the second sentence
 15 “to use funds made available under this Act (other than
 16 chapter 1, title I, and title II)”; and strike out the last
 17 sentence.

18 SEC. 9. Title V, chapter 1, of the Mutual Security Act
 19 of 1954, as amended, which relates to general provisions, is
 20 further amended as follows:

21 (a) Section 502, which relates to use of foreign curren-
 22 cies by congressional committees, is amended by striking out
 23 the proviso in subsection (b) and inserting the following:
 24 “Provided, That each member or employee of any such com-

1 mittee shall make, to the chairman of such committee in ac-
2 cordance with regulations prescribed by such committee, an
3 itemized report showing the amounts and dollar equivalent
4 values of each such foreign currency expended, together with
5 the purposes of the expenditure, including lodging, meals,
6 transportation, and other purposes. Within the first thirty
7 days that Congress is in session in each calendar year, the
8 chairman of each such committee shall consolidate the reports
9 of each member and employee of the committee and forward
10 said consolidated report, showing the total itemized expendi-
11 tures of the committee during the preceding calendar year, to
12 the Committee on House Administration of the House of
13 Representatives (if the committee be a committee of the House
14 of Representatives or a joint committee whose funds are dis-
15 bursed by the Clerk of the House) or to the Committee on
16 Appropriations of the Senate (if the committee be a Senate
17 committee or a joint committee whose funds are disbursed by
18 the Secretary of the Senate). Each such report submitted by
19 each committee shall be published in the Congressional Record
20 within ten legislative days after receipt by the Committee on
21 House Administration of the House or the Committee on
22 Appropriations of the Senate.”.

23 (b) Section 509, which relates to shipping on United
24 States vessels, is amended by adding the following new sen-
25 tence at the end thereof: “Sales of fresh fruit and the prod-
26 ucts thereof under this Act shall be exempt from the require-

1 ments of the cargo preference laws (Public Resolution 17,
2 Seventy-third Congress, and section 901 (b) of the Mer-
3 chant Marine Act, 1936, as amended).”.

4 (c) Section 510, which relates to purchase of commodi-
5 ties, is amended by striking out “title II or” in the first
6 sentence; and by striking out the third sentence and inserting
7 in lieu thereof the following: “Funds made available under
8 chapter 3 of title I, title III, and title IV of this Act may not
9 be used for the procurement of a commodity outside the
10 United States: Provided, That not more than 50 per centum
11 of such funds from and after the date of enactment of the
12 Mutual Security Act of 1958 may be used for the procure-
13 ment of a commodity outside the United States if the Presi-
14 dent determines that such procurement will not result in ad-
15 verse effects upon the economy of the United States, with
16 special reference to any areas of labor surplus, or upon the
17 industrial mobilization base, which outweigh the economic
18 advantages to and the national interests of the United States
19 of less costly procurement abroad.”.

20 (d) Add the following new section:

21 “SEC. 516. PROHIBITION AGAINST DEBT RETIRE-
22 MENT.—None of the funds made available under this Act
23 nor any of the counterpart funds generated as a result of
24 assistance under this Act or any other Act shall be used to
25 make payments on account of the principal or interest on

1 any debt of any foreign government or on any loan made
2 to such government by any other foreign government; nor
3 shall any of these funds be expended for any purpose for
4 which funds have been withdrawn by any recipient country
5 to make payment on such debts: Provided, That to the
6 extent that funds have been borrowed by any foreign gov-
7 ernment in order to make a deposit of counterpart and such
8 deposit is in excess of the amount that would be required
9 to be deposited pursuant to the formula prescribed by sec-
10 tion 142 (b) of this Act, such counterpart may be used
11 in such country for any agreed purpose consistent with the
12 provisions of this Act.”.

13 SEC. 10. Title V, chapter 2, of the *Mutual Security Act*
14 of 1954, as amended, which relates to organization and ad-
15 ministration, is further amended as follows:

16 (a) Amend section 527, which relates to the employ-
17 ment of personnel, by adding the following new subsection:

18 “(e) Notwithstanding the provisions of title 10, *United*
19 *States Code*, section 712, or any other law containing similar
20 authority, officers and employees of the *United States* per-
21 forming functions under this Act shall not accept from any
22 foreign nation any compensation or other benefits. Arrange-
23 ments may be made by the President with such nations for
24 reimbursement to the *United States* or other sharing of the
25 cost of performing such functions.”

1 (b) Amend section 537, which relates to provisions on
2 uses of funds, as follows: In subsection (a) (1), strike out
3 “for the fiscal year 1958”; and in subsection (c), strike out
4 “Not to exceed \$18,000,000” and substitute “Notwithstand-
5 ing the provisions of section 406 (a) of Public Law 85-
6 241, not to exceed \$26,000,000”, and add the following
7 new clause before the period: “, and not to exceed \$2,750,000
8 of funds made available for assistance in other countries
9 under this Act may be used (in addition to funds available
10 for such use under other authorities in this Act) for construc-
11 tion or acquisition of such facilities for such purposes
12 elsewhere”.

13 SEC. 11. Title V, chapter 3, of the Mutual Security Act
14 of 1954, as amended, which relates to repeal and miscel-
15 laneous provisions, is further amended as follows:

16 (a) Amend section 543 (d), which relates to saving pro-
17 visions, by striking out “Act of 1956 or the Mutual Security
18 Act of 1957” and substituting “Act of 1956, 1957, or 1958”
19 in the first sentence and by inserting the following new sen-
20 tence after the second sentence: “Except as provided in the
21 third sentence of section 510, until June 30, 1958, funds
22 used for the purposes of this Act shall be so used in accord-
23 ance with the provisions of this Act as in effect prior to the
24 effective date of the Mutual Security Act of 1958.”.

25 (b) Amend section 544, which relates to amendments

1 to other laws, by striking out subsections (b) and (c)
2 (which deletions shall not be deemed to affect amendments
3 contained in such subsections to Acts other than the Mutual
4 Security Act of 1954, as amended) and substituting the fol-
5 lowing new subsections:

6 “(b) Section 101 of the Government Corporation Con-
7 trol Act, as amended (31 U. S. C. 846), is further amended
8 by inserting ‘Development Loan Fund,’ before ‘Institute of
9 Inter-American Affairs’.

10 “(c) The Defense Base Act, as amended (42 U. S. C.
11 1651), is further amended as follows:

12 “(1) In subsection 1 (a), insert the following new sub-
13 paragraph after subparagraph (4):

14 ““(5) under a contract approved and financed by
15 the United States or any executive department, inde-
16 pendent establishment, or agency thereof (including any
17 corporate instrumentality of the United States), or any
18 subcontract or subordinate contract with respect to such
19 contract, where such contract is to be performed out-
20 side the continental United States, under the Mutual Se-
21 curity Act of 1954, as amended (other than title II
22 thereof), and not otherwise within the coverage of this
23 section, and every such contract shall contain provisions
24 requiring that the contractor (and subcontractor or sub-
25 ordinate contractor with respect to such contract) (1)

1 *shall, before commencing performance of such contract,*
2 *provide for securing to or on behalf of employees en-*
3 *gaged in work under such contract the payment of com-*
4 *ensation and other benefits under the provisions of this*
5 *Act, and (2) shall maintain in full force and effect*
6 *during the term of such contract, subcontract, or sub-*
7 *ordinate contract, or while employees are engaged in*
8 *work performed thereunder, the said security for the*
9 *payment of such compensation and benefits, but nothing*
10 *in this paragraph shall be construed to apply to any em-*
11 *ployee of such contractor or subcontractor who is en-*
12 *gaged exclusively in furnishing materials or supplies*
13 *under his contract;’.*

14 “(2) In subsection 1 (e), strike ‘(3) or (4)’ in the
15 last sentence and substitute therefor ‘(3), (4), or (5)’.

16 “(3) In subsection 1 (f), insert ‘or in any work under
17 subparagraph (5) subsection (a) of this section’ between
18 ‘this section’ and ‘shall not apply’.

19 “(d) Section 101 (a) of the War Hazards Compensa-
20 tion Act, as amended (42 U. S. C. 1701), is further amended
21 by inserting the following new subparagraph after subpara-
22 graph (3): ‘or (4) to any person who is an employee speci-
23 fied in section 1 (a) (5) of the Defense Base Act, as amended,
24 if no compensation is payable with respect to such injury or
25 death under such Act, or to any person engaged under a

1 contract for his personal services outside the United States
2 approved and financed by the United States under the Mutual
3 Security Act of 1954, as amended (other than title II
4 thereof): Provided, That in cases where the United States
5 is not a formal party to contracts approved and financed
6 under the Mutual Security Act of 1954, as amended, the
7 Secretary, upon the recommendation of the head of any
8 department or agency of the United States, may, in the exer-
9 cise of his discretion, waive the application of the provisions
10 of this subparagraph with respect to any such contracts, sub-
11 contracts, or subordinate contracts, work location under such
12 contracts, subcontracts, or subordinate contracts, or classifica-
13 tion of employees;’.

14 “(e) Section 571 (c) of the Foreign Service Act of
15 1946, as amended, is amended by deleting the words ‘in the
16 Department’ wherever they appear therein and by adding
17 at the end thereof the following new sentences: ‘Any Foreign
18 Service officer who resigned from the Service, or retired in
19 accordance with section 636 of this Act on or after November
20 14, 1957, but prior to the enactment of this sentence, for the
21 purpose of accepting an immediate appointment to such a
22 position, shall be considered as having been assigned to such
23 other position under authority of this section as amended.
24 Appropriate adjustment at the election of the officer may be
25 made with respect to special contributions deposited imme-

1 diately prior to resignation or retirement by any such officer
2 under title VIII of this Act on salaries in excess of \$13,500.'.

3 “(f) Section 1011 of the United States Information and
4 Educational Exchange Act of 1948, as amended, is further
5 amended by adding the following new subsection at the end
6 thereof:

7 ““(h) (1) There is authorized to be appropriated
8 annually an amount to restore in whole or in part any real-
9 ized impairment to the capital used in carrying on the author-
10 ity to make informational media guaranties, as provided in
11 subsection (c), through the end of the last completed fiscal
12 year.

13 ““(2) Such impairment shall consist of the amount by
14 which the losses incurred and interest accrued on notes ex-
15 ceed the revenue earned and any previous appropriations
16 made for the restoration of impairment. Losses shall include
17 the dollar losses on foreign currencies sold, and the dollar
18 cost of foreign currencies which (a) the Secretary of the
19 Treasury, after consultation with the Director, has determined
20 to be unavailable for, or in excess of, requirements of the
21 United States, or (b) have been transferred to other accounts
22 without reimbursement to the special account.

23 ““(3) Dollars appropriated pursuant to this section shall
24 be applied to the payment of interest and in satisfaction of
25 notes issued or assumed hereunder, and to the extent of such

1 application to the principal of the notes, the Director is au-
2 thorized to issue notes to the Secretary of the Treasury which
3 will bear interest at a rate to be determined by the Secretary
4 of the Treasury, taking into consideration the current average
5 market yields of outstanding marketable obligations of the
6 United States having maturities comparable to the guaranties.
7 The currencies determined to be unavailable for, or in excess
8 of, requirements of the the United States as provided above
9 shall be transferred to the Secretary of the Treasury to be held
10 until disposed of, and any dollar proceeds realized from such
11 disposition shall be deposited in miscellaneous receipts.’.

12 “(g) The Act of May 26, 1949, as amended (5 U. S. C.
13 151 (a)), relating to the organization of the Department
14 of State, is amended as follows:

15 “(1) In section 1, strike out ‘three’ and insert ‘two’.

16 “(2) In section 2, designate the present language as
17 ‘(a)’ and add the following new subsection:

18 ““(b) There is hereby established in the Department of
19 State the Office of Under Secretary of State for Economic
20 Affairs, which shall be filled by appointment by the Presi-
21 dent, by and with the advice and consent of the Senate. The
22 Under Secretary of State for Economic Affairs shall receive
23 compensation at the rate of \$22,000 per year and shall per-
24 form such duties as may be prescribed by the Secretary of
25 State. The President may initially fill the position of Under

1 *Secretary of State for Economic Affairs by appointing, with-*
2 *out further advice and consent of the Senate, the officer who,*
3 *on the date of the enactment of this Act, held the position of*
4 *Deputy Under Secretary of State for Economic Affairs.*
5 *Any provision of law vesting authority in the "Deputy Under*
6 *Secretary of State for Economic Affairs" or any other ref-*
7 *erence with respect thereto, is hereby amended to vest such*
8 *authority in the Under Secretary of State for Economic*
9 *Affairs.'.*

10 “(h) Section 712 (b) of title 10 of the United States
11 Code is amended to read as follows, such amendment to take
12 effect one year after the enactment of this Act:

13 “(b) A member of the armed forces detailed under
14 this section is entitled to credit for all service while so de-
15 tailed, as if serving with the armed forces of the United
16 States. Arrangements may be made by the President, with
17 countries to which such members are detailed to perform
18 functions under this section, for reimbursement to the United
19 States or other sharing of the cost of performing such
20 functions.’

21 “(i) Title III of the Mutual Defense Assistance Control
22 Act of 1951 (Public Law 213, 82d Congress, 22 U. S. C.
23 1613) is amended by adding the following new section:

24 “‘SEC. 306. (a) This Act shall not be deemed to pro-
25 hibit furnishing economic and financial assistance to any

1 nation except the Soviet Union, Communist China, and North
2 Korea, whenever the President determines that such assistance
3 will strengthen the security of the United States by enabling
4 the freedom-loving peoples of such nation (a) to achieve a
5 measure of political, economic, and social freedom from
6 Sino-Soviet domination or control, or (b) to strengthen their
7 capacity to maintain a national government increasingly in-
8 dependent of Sino-Soviet domination or control, or (c) to
9 reduce their economic dependence on the Sino-Soviet Bloc in
10 keeping with their already established political independence.
11 The President shall immediately report any determination
12 made pursuant to this section, with reasons therefor, to the
13 Committee on Foreign Relations, the Committee on Armed
14 Services, and the Committee on Appropriations of the Senate,
15 and to the Committee on Foreign Affairs, the Committee on
16 Armed Services, and the Committee on Appropriations of the
17 House of Representatives.

18 “‘(b) The Administrator may, notwithstanding the re-
19 quirements of the first proviso of section 103 (b) of this Act,
20 direct the continuance of assistance to a country which permits
21 shipments of items other than arms, ammunition, implements
22 of war and atomic energy materials to any nation receiving
23 economic or financial assistance pursuant to subsection (a)
24 of this section.’.

25 “(j) The first section of the Act of June 28, 1935, as

1 amended (49 Stat. 425), is amended by striking out
2 '\$30,000' and inserting '\$33,000', and by striking out
3 '\$15,000' the first time it appears and inserting '\$18,000'.

4 “(k) Section 2 of the Act of July 11, 1956 (70 Stat.
5 523), is amended by striking out all beginning with ‘An’
6 down through ‘Conference and’ and substituting ‘There is
7 authorized to be appropriated annually, for the annual con-
8 tribution of the United States toward the maintenance of
9 the North Atlantic Treaty Organization Parliamentary Con-
10 ference, such sums as may be agreed upon by the United
11 States Group and approved by such Conference, but in no
12 event to exceed for any year an amount equal to 25 per
13 centum of the total annual contributions made for that year
14 by all members of the North Atlantic Treaty Organization
15 toward the maintenance of such Conference, and’.

16 “(l) Section 5 of the Act of July 30, 1946 (22 U. S. C.
17 287q), is amended by the addition of the following sentences
18 at the end thereof: ‘The National Commission is further au-
19 thorized to receive and accept services and gifts or bequests
20 of money or materials to carry out any of the educational,
21 scientific, or cultural purposes of the National Commission
22 as set forth in this Act and in the constitution of the Organ-
23 ization. Any money so received shall be held by the Secre-
24 tary of State and shall be subject to disbursement through

1 the disbursement facilities of the Treasury Department as the
2 terms of the gift or bequest may require and shall remain
3 available for expenditure by grant or otherwise until ex-
4 pended: Provided, That no such gift or bequest may be ac-
5 cepted or disbursed if the terms thereof are inconsistent with
6 the purposes of the National Commission as set forth in this
7 Act and in the constitution of the Organization. In no event
8 shall the National Commission accept gifts or bequests in
9 excess of \$200,000 in the aggregate in any one year. Gifts
10 or bequests provided for herein shall, for the purposes of Fed-
11 eral income, estate, and gift taxes, be deemed to be a gift to
12 or for the United States. The National Commission and
13 Secretary of State shall submit to Congress annual reports
14 of receipts and expenditures of funds and bequests received
15 and disbursed pursuant to the provisions of this section.’.

16 “(m) The portion of subsection (a) of section 2 of the
17 joint resolution of June 30, 1948, as amended (22 U. S. C.
18 272a (a)), which precedes ‘, as apportioned’ is amended
19 to read as follows: ‘(a) such sums as may be necessary for
20 the payment by the United States of its share of the expenses
21 of the Organization, but not to exceed 25 per centum of such
22 expenses’.

23 “(n) Section 104 of the Agricultural Trade Develop-
24 ment Assistance Act of 1954 (Public Law 480, Eighty-

1 *third Congress; 7 U. S. C. 1704), as amended, is further*
2 *amended by adding after paragraph (j) the following new*
3 *paragraph:*

4 “ ‘(k) *To collect, collate, translate, abstract, and dissemi-*
5 *nate scientific and technological information and to conduct*
6 *and support scientific activities overseas including programs*
7 *and projects of scientific cooperation between the United*
8 *States and other countries such as coordinated research*
9 *against diseases common to all of mankind or unique to*
10 *individual regions of the globe.’*

11 “(o) *The Act of June 14, 1948, as amended (22 U. S. C.*
12 *290) authorizing participation in the World Health Organi-*
13 *zation, is amended by adding the following new section 6:*

14 “ ‘SEC. 6. *The Congress of the United States, recognizing*
15 *that the diseases of mankind, because of their widespread*
16 *prevalence, debilitating effects, and heavy toll in human life,*
17 *constitute a major deterrent to the efforts of many peoples*
18 *to develop their economic resources and productive capacities,*
19 *and to improve their living conditions, declares it to be*
20 *the policy of the United States to continue and strengthen*
21 *mutual efforts among the nations for research against diseases*
22 *such as heart disease and cancer. In furtherance of this*
23 *policy, the Congress invites the World Health Organization*
24 *to initiate studies looking toward the strengthening of re-*
25 *search and related programs against these and other diseases*

1 common to mankind or unique to individual regions of the
2 globe.'."

3 (c) Amend section 545, which relates to definitions, as
4 follows:

5 (1) In subsection (j), insert "the Development Loan
6 Fund and" after "refer to" and strike out "title II,".

7 (2) In subsection (k), insert "the Board of Directors
8 of the Development Loan Fund and" after "refer to" and
9 strike out "title II,".

10 SEC. 12. It is the sense of the Congress that, in view
11 of the friendly relationships and mutual interests which exist
12 between the United States and the other nations of the
13 Western Hemisphere, the President should, pursuant to the
14 provisions of the Mutual Security Act of 1954, as amended,
15 and other applicable legislation, seek to strengthen coopera-
16 tion in the Western Hemisphere to the maximum extent by
17 encouraging joint programs of technical and economic devel-
18 opment.

19 SEC. 13. Notwithstanding the amendments made in sec-
20 tions 103 (a) and 131 (b) of the Mutual Security Act of
21 1954, as amended, by sections 3 and 4 of this Act, the total
22 of new appropriations for military assistance and defense
23 support made pursuant to such sections 103 (a) and 131
24 (b) shall not exceed \$2,400,000,000. The President is au-
25 thorized during the fiscal year 1959 to transfer from funds
26 appropriated pursuant to such section 103 (a) to funds ap-

- 1 *appropriated to such section 131 (b), or vice versa, amounts*
 2 *not to exceed a total of \$235,000,000.*

Passed the House of Representatives May 14, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1657

85TH CONGRESS
2d Session

H. R. 12181

[Report No. 1627]

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 15, 1958

Read twice and referred to the Committee on
Foreign Relations

MAY 26, 1958

Reported with an amendment

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

MAY 26, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 35, line 3, immediately after "SEC. 5." insert
2 "(a)".

3 On page 35, between lines 12 and 13, insert the fol-
4 lowing new subsection:

5 "(b) Section 143 of the Mutual Security Act of 1954,
6 as amended, which relates to assistance to Yugoslavia, is
7 amended to read as follows:

8 "SEC. 143. PROHIBITION AGAINST ASSISTANCE TO
9 SAUDI ARABIA.—Notwithstanding any other provision of
10 law, no assistance under this title or any other title of this

- 1 Act shall be furnished to Saudi Arabia after the expiration
2 of ninety days following the date of the enactment of the
3 Mutual Security Act of 1958.' ”

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to
the bill (H. R. 12181) to amend further the
Mutual Security Act of 1954, as amended,
and for other purposes.

MAY 26, 1958

Ordered to lie on the table and to be printed

H. R. 12181

IN THE SENATE OF THE UNITED STATES

MAY 26, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended and for other purposes, viz:

1 On page 35, line 3, immediately after "SEC. 5." insert
2 “(a)”.

3 On page 35, between lines 12 and 13, insert the follow-
4 ing new subsection:

5 “(b) Section 143 of the Mutual Security Act of 1954,
6 as amended, which relates to assistance to Yugoslavia, is
7 amended to read as follows:

8 “‘SEC. 143. PROHIBITION AGAINST ASSISTANCE TO
9 YUGOSLAVIA.—Notwithstanding any other provision of law,
10 no assistance under this title or any other title of this Act
11 shall be furnished to Yugoslavia, after the expiration of

- 1 ninety days following the date of the enactment of the Mu-
 2 tual Security Act of 1958.’”

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 26, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

MAY 26, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 35, line 3, immediately after "SEC. 5." insert
2 “(a)”.

3 On page 35, between lines 12 and 13, insert the follow-
4 ing new subsection:

5 “(b) Section 143 of the Mutual Security Act of 1954,
6 as amended, which relates to Yugoslavia, is amended to
7 read as follows:

8 “‘SEC. 143. PROHIBITION AGAINST ASSISTANCE TO
9 THE DOMINICAN REPUBLIC.—Notwithstanding any other
10 provision of law, no assistance under this title or any other

- 1 title of this Act shall be furnished the Dominican Republic
 2 after the expiration of ninety days following the date of the
 3 enactment of the Mutual Security Act of 1958.'”

Calendar No. 1657

85TH CONGRESS
2d Session

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

May 26, 1958

Ordered to lie on the table and to be printed

10. FOREIGN TRADE; SURPLUS COMMODITIES. Reps. Hays and Coffin, in the report on their Special Study Mission to Canada, noted that the Canadians are disturbed over triangle and barter transactions under Public Law 480, and that they contend "The United States is exporting its own farm problem." Among their recommendations they urge that in exporting agricultural commodities, such as wheat, for local currencies, the U. S. should pay special attention to Canada's interest and avoid commercial markets. They suggest "The hazards of a joint United States-Canadian wheat marketing corporation should be explored." (H. Rept. 1766).

SENATE

11. AGRICULTURAL APPROPRIATION BILL FOR 1959. Agreed to the conference report on this bill, H. R. 11767. Concurred in the House amendments to the two Senate amendments reported in disagreement (see Digest 84). Sen. Mundt emphasized his understanding that the amendments would not decrease the payments made to conservationists engaged in action beneficial to wildlife. This bill will now be sent to the President. pp. 8713-16
12. APPROPRIATIONS. The Subcommittee ordered reported to the Appropriations Committee H. R. 10589, general government matters appropriation bill for 1959, and H. R. 11574, independent offices appropriation bill for 1959. p. D476
13. COTTON ALLOTMENTS. Passed without amendment S. 3890, to permit the transfer of 1958 farm acreage allotments for cotton in cases of natural disaster. Sens. Eastland, Knowland, and Kuchel discussed the interpretation of several terms in the bill. p. 8717
14. UNEMPLOYMENT COMPENSATION. Passed without amendment H. R. 12065, to provide for temporary continuation of unemployment benefits. This bill will now be sent to the President. pp. 8660-85, 8694-5, 8701-13, 8724-6
15. FOREIGN AID. Began debate on H. R. 12181, the mutual security authorization bill for 1958. pp. 8717-24
Sen. Javits inserted a resolution of the Long Island, N. Y., Federation of Women's Clubs urging the elimination of all nonessential spending in the foreign aid program. p. 8641
16. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendments S. Res. 303, to authorize a study of the U. S. transportation system, which was referred to the Rules and Administration Committee. p. 8642
17. TAXATION. Sen. Carlson was added as a cosponsor to S. 3718, to allow more rapid depreciation for taxes on property bought in 1958 or 1959. p. 8645
18. STATEHOOD. Sen. Mansfield urged passage of the Alaskan statehood bill in the House and invited the Senate to consider statehood for Hawaii. p. 8655
19. ELECTRIFICATION. Sen. Neuberger stated that following hearings the Public Works Committee staff would work on recommendations made to improve S. 3114, to create a Columbia River Power Corp., and S. 2206, to grant a higher priority to industrial users of power in the Pacific Northwest. He inserted an article stating that upstream-downstream disputes plus private-public utility conflicts over the preference clause were preventing agreement on a self-financed public power corporation for the Columbia Valley. p. 8692

20. HUMANE SLAUGHTER. Sen. Neuberger urged that the humane slaughter bill be reported by the Senate Committee, and inserted an editorial favoring it. pp. 8693-4
21. FLOOD CONTROL. Sen. Watkins inserted the statement of Matt Triggs of the Farm Bureau in opposition to S. 497, the vetoed rivers and harbors and flood control bill, centering on provisions allowing the Corps of Engineers to construct water-storage facilities without further action by Congress and continuing the assertion of Federal dominance over State water-use laws. pp. 8695-6
22. LANDS. Sen. Murray inserted the court opinion on the compensation for the Crow Indians for the right-of-way for the Yellowtail Dam site and reservoir, Hardin unit, Missouri River Basin project. pp. 8696-8701
23. PUBLIC WORKS. Sens. Chavez and Douglas discussed Sen. Chavez' position as Chairman of the Public Works Committee, and their respective views on public works projects. pp. 8687-8
24. HOUSING. Passed without amendment S. J. Res. 171, to increase the mortgage authorization of FHA by \$4 billion. pp. 8717-18
25. RESEARCH. Sen. Morse expressed his disappointment that no social scientist was nominated to the Board of the National Science Foundation. p. 8727
26. FOREIGN TRADE; SURPLUS COMMODITIES. Sen. Javits inserted a resolution of the faculty of Syracuse University urging Congress to amend Public Law 480 to permit the use of such funds to translate and acquire foreign scholarly works. p. 8640
27. TRADE AGREEMENTS. Sen. Javits inserted a resolution of the West Brooklyn, N. Y., Independent Democrats supporting extension of the Trade Agreements Act for 5 years. p. 8640

ITEMS IN APPENDIX

28. ELECTRIFICATION. Sen. Hill inserted Sen. Morse's recent address, "Power and Progress," before the American Public Power Ass'n convention. pp. A4905-7
29. INDUSTRIAL USES. Sen. Capehart inserted an article, "Federal Men Speed Search for Crop Uses, Slow Output Research." pp. A4911-2
30. SMALL BUSINESS. Rep. Multer inserted testimony presented before the Senate Banking and Currency Committee on proposed amendments to the Small Business Act of 1953 to aid in small business financing. pp. A4914-6
31. TAXATION. Extension of remarks of Sen. Proxmire commending and inserting an editorial criticizing the President's decision against a tax cut and stating the President seems to be "entranced with a Hooveresque view of the economy." p. A4921
32. TOBACCO. Extension of remarks of Rep. Cooley inserting correspondence pointing up certain facts with respect to tobacco's foreign-trade position. pp. A4922-3
33. FARM PROGRAM. Extension of remarks of Rep. Hillings inserting a "penetrating analysis of agriculture in a free economy" prepared by Claude Hutchison, vice president and dean of agriculture emeritus, University of California. pp. 4925-7

been allowed to act upon it. Instead we hear talk of waiting until we get the entire housing bill for this year. That is a bill which the committee, as I understand, is still studying, a bill which it will take several days to mark up, a bill which is some 80 pages long as it now stands, and is full of many points on which many Senators will have many questions to ask before approval is voted. And from there it must go to the House committee, and then to the House. Possibly after that it must go to conference. It will take long days and weeks before we can have final action.

Why, I ask, must we throw our entire home construction industry out of gear? Why must we wait? I, for one, feel that we must act and act immediately to provide the additional FHA authorizations, unencumbered by any other housing problems, so that we do not plunge this key industry back to the level from which it has risen so well, so strongly, in less than 2 months.

Mr. SPARKMAN. Mr. President, may we have a vote?

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 217 of the National Housing Act is amended by striking out "\$3,000,000,000" and inserting in lieu thereof "\$7,000,000,000."

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. GREEN] has the floor.

Mr. JOHNSTON of South Carolina, Mr. PURTELL, and Mr. EASTLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Rhode Island yield; and, if so, to whom?

Mr. GREEN. I yield to the Senator from South Carolina [Mr. JOHNSTON].

THE POSTAL PAY AND RATE BILL

Mr. JOHNSTON of South Carolina. Mr. President, I am pleased and happy that the President approved the postal bill, thereby bringing to an end the long stalemate and controversy over the salaries of postal employees.

From a start, early last year, when the President took an adamant stand against any increase in postal employees' salaries—climaxing by his veto of a bill providing an average 12 percent salary increase last August—to his signature of the over 10 percent bill last night, the Congress has come a long way in convincing the President of the merits of its position. I am happy the Nation's postal employees are not again to be denied a meritorious increase because of another veto.

I was shocked to read the President's comments on the postal policy section in the law. The President certainly cannot be familiar with the theories or the details involved in this controversy.

Stated simply, the cost of handling one item—free-in-county newspapers—is \$14 million annually. The loss in revenue is computed to be \$1 million if carried at the established rate instead of being carried free. Under the President's concept as expressed, only the \$1 million loss of revenue would be charged off as a public service item. The policy statement declares that the total cost of handling this mailing, or the full \$14 million,

should be charged as a public service item and not charged to other users of the mail.

What class of mail, pray tell, does the President think should bear the cost of this item repeatedly approved by Congress and endorsed by him?

Mr. President, we intend to accept the President's request and study this feature. We think, however, other items should be added to it and nothing taken away.

FARM ACREAGE ALLOTMENT

Mr. EASTLAND. Mr. President, will the Senator from Rhode Island yield so that I may request consideration of a noncontroversial bill?

Mr. GREEN. I yield so that the Senator may introduce a noncontroversial bill.

Mr. EASTLAND. No. Will the Senator yield so that I may have a noncontroversial bill considered?

Mr. GREEN. I yield to the Senator for 1 minute for the purpose of having a noncontroversial bill considered.

Mr. EASTLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1656, S. 3890, a bill to amend the Agricultural Adjustment Act of 1938, as amended.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S3890) to amend the Agricultural Adjustment Act of 1938, as amended, to permit the transfer of 1958 farm-acreage allotments for cotton in the case of natural disasters, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3890) to amend the Agricultural Adjustment Act of 1938, as amended, to permit the transfer of 1958 farm-acreage allotments for cotton in the case of natural disasters, and for other purposes.

Mr. EASTLAND. Mr. President, the bill simply provides that in cases of disasters, and in particular in cases of land which is under water because of floods, which land cannot be timely planted, the cotton acreage can be transferred to an adjoining farm or to a farm in an adjoining county and planted, provided the farmer who has suffered because of the flood is interested financially in the production of the cotton on the land where the allotment is transferred. The history of the cotton acreage planted will remain on the farm which has suffered the disaster.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. KNOWLAND. I should like to ask the Senator what is meant by the expression "substantial portion" of a county's allotment as used in the bill.

Mr. EASTLAND. I have raised that question with the Department of Agriculture. The interpretation they give of the term "substantial portion" is that it means several farms within a county or an area of a county.

Mr. KNOWLAND. What is the interpretation of "several farms"?

Mr. EASTLAND. I raised that question with the Department also, and their interpretation of their own term is that it means from 4 to 5 or 6 farms within a county. They do not want the legislation to be so loosely written that an individual farm would offer sufficient grounds on which to honor a request that it be classified as a disaster area in a county. I judge in reality it would mean more than one farm.

The Department has assured me that it will endeavor to take care of all legitimate areas which have suffered natural disasters, which prevent farmers from timely planting or replanting their cotton acreage allotments.

Mr. KNOWLAND. Then the bill would take care of the type of situation experienced in California, Mississippi, Arkansas, Missouri, and other similar situations?

Mr. EASTLAND. And the situation in the State of Louisiana.

Mr. KNOWLAND. And the situation in Louisiana.

Mr. EASTLAND. The Senator is correct, with the inclusion of Louisiana.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield for a question.

Mr. KUCHEL. Where, for example, A, B, and C own a farm in county 1, and A, B, and X own a farm in county 2, is the bill intended to afford relief to A, B, and C if the farm in county 1 is flooded, by the Department authorizing appropriate use of a portion of the farm in county 2?

Mr. EASTLAND. Yes; the Senator is correct.

Mr. KUCHEL. I thank the Senator.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 344 of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof a new subsection (n) reading as follows:

(n) Notwithstanding any other provision of this act, if the Secretary determines that because of a natural disaster a substantial portion of the 1958 farm cotton acreage allotments in a county cannot be timely planted or replanted, he may authorize the transfer of all or a part of the cotton acreage allotment for any farm in the county so affected to another farm in the county or in an adjoining county on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of cotton and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Acreage history credits for transferred acreage shall be governed by the provisions of subsection (m) (2) of this section pertaining to the release and reapportionment of acreage allotments. No transfer hereunder shall be made to a farm covered by a 1958 acreage reserve contract for cotton."

MUTUAL SECURITY ACT OF 1958

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1657,

House bill 12181, to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations, with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Mutual Security Act of 1958."

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which relates to a statement of policy, is amended by adding the following subsection:

"(d) The Congress recognizes the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world. Consequently, it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program for economic development."

SEC. 3. Title I, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to military assistance, is further amended by striking out "1958" and "\$1,600,000,000" in section 103 (a) and substituting "1959" and "\$1,800,000", respectively; and by adding the following new sentences to section 105 (b) (4): "The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics."

SEC. 4. Title I, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended by striking out "1958" and "\$750,000,000" in section 131 (b) and substituting "1959" and "\$835,000,000," respectively.

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which contains general provisions relating to mutual defense assistance, is amended by inserting before the period at the end of section 142 (b) (iii), relating to the special foreign currency account, a colon and the following: "Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States."

SEC. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is further amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the 'Development Loan Fund' (hereinafter referred to in this title as the 'Fund') which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate."

(2) In subsection (b), strike out all preceding "is hereby" in the first sentence and substitute "the Fund"; strike out "he" in the first sentence and substitute "it"; strike out "and (3)" in the first sentence and substitute "(3)"; insert before the period at the end of the first sentence "and (4)

the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved"; strike out "from" in the second sentence and substitute "by"; insert after the third sentence "The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund."; and strike out the last two sentences and substitute the following new sentence: "The President's semiannual reports to the Congress on operations under this act, as provided for in section 534 of this act, shall include detailed information on the implementation of this title."

(b) Amend section 204, which relates to fiscal provisions, as follows:

(1) In subsection (b), substitute "Fund" for "President" in the first sentence and strike out "against the Fund" in that sentence; change "authorized" to "made available" in the second sentence; and insert "assets of the" before "Fund" in the third sentence.

(2) Strike out subsection (c) and substitute the following:

"(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended."

(c) Amend section 205, which relates to powers and authorities, as follows:

(1) Insert "management," before "powers" in the heading of the section.

(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the 'Board') consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend and repeal bylaws governing the conduct of its business and the performance of the authorities, powers and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

"(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund,

whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law."

(3) In subsection (c):

(i) Strike out all in the first sentence preceding "enter into" and substitute "the Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may";

(ii) Strike out "may be deemed" in the first clause of the first sentence and substitute "it may deem";

(iii) Strike out "under this title" in the fourth clause of the first sentence and substitute "of the Fund";

(iv) Strike out "the Manager of" in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

(v) Insert after the seventh clause of the first sentence, following "collection," the following: "adopt, alter, and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents, and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government";

(vi) Strike out all following "operation" in the last clause of the first sentence and substitute "or in carrying out any function."

(vii) Insert the following new sentence after the first sentence of the subsection: "Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code, or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress."

(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay, or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that act) paid to the employees of the Fund

covered by that act, the percent rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"(e) The assets of the Development Loan Fund on the date of entry into force of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of entry into force of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this act. A person serving as Manager of the Development Loan Fund as of the date of entry into force of the Mutual Security Act of 1958 shall not, by reason of the entry into force of that act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this act."

SEC. 7. Title III of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is further amended as follows:

(a) In section 304, which relates to authorization, strike out "\$151,900,000" and substitute "\$150,000,000 for use beginning in the fiscal year 1959."

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Insert "and related programs" after "cooperation" in the heading of the section; insert "and this act" after "title" in the first sentence; and insert "and related" after "cooperation" in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out "\$15,500,000 for the fiscal year 1958" and substitute "\$20,000,000 for the fiscal year 1959"; insert "and such related funds as may hereafter be established" after "Assistance"; and in the proviso change "to this program" to "for such purpose" and change "to the program" where it appears three times to "for such purpose."

(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1958" and substitute "1959."

SEC. 8. Title IV of the Mutual Security Act of 1954, as amended, which relates to other programs, is further amended as follows:

(a) In section 400 (a), which relates to special assistance, strike out "1958" and "\$250,000,000" in the first sentence and substitute "1959" and "\$212,000,000", respectively; and strike out all following "stability" in the first sentence and all of the last sentence and insert a period.

(b) Amend section 401, which relates to President's special authority, as follows:

(1) Insert "and Contingency Fund" after "Authority" in the heading of this section.

(2) Subsection (a) is amended as follows:

(i) In the first sentence, insert "for use" after "made available"; strike out "such use by section 400 (a) of this act" and substitute "use under this subsection by subsection (b) of this section"; strike out "pursuant to authorizations contained in" and substitute "for use under"; and

(ii) In the second and last sentences strike out "section" both times it appears and substitute "subsection."

(3) Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$200,000,000 for assistance authorized by this act, other than by title II, in accordance with the provisions of this act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section."

(4) In the last sentence of subsection (c), insert "subsection (a) of" after "under."

(c) In section 402, which relates to earmarking of funds, strike out "1958" in the first sentence and substitute "1959."

(d) Repeal section 403, which relates to special assistance in joint control areas.

(e) Amend section 404, which relates to responsibilities in Germany, by striking out "403" and inserting in lieu thereof "400 (a)."

(f) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out all following "fiscal year" and substitute "1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate."

(2) In subsection (d), strike out "1958" and "\$5,500,000" and substitute "1959" and "\$8,600,000," respectively.

(g) In section 406, which relates to children's welfare, strike out "1958" and substitute "1959."

(h) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$25 million to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That of the funds appropriated pursuant to this section \$5 million shall be available only for repatriation or resettlement of such refugees."

(i) In section 409 (c), which relates to ocean freight charges, strike out "1958" and "\$2,200,000" and substitute "1959" and "\$2,100,000," respectively.

(j) In section 410, which relates to Control Act expenses, strike out "1958" in the first sentence and substitute "1959."

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1958" and "\$32,750,000" and substitute "1959" and "\$31 million," respectively; and insert "and title II" after "title I" within the first parentheses;

(2) In subsection (c), insert "functions of the Department under this act or for" before "normal."

(l) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out "the agency primarily" and substitute "an agency"; substitute a colon for the semicolon at the end of subparagraph (E), and add the fol-

lowing proviso to that subparagraph: "*Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;"; and insert after "Director of the International Cooperation Administration" both times it appears in subparagraph (F) "or such other officer as the President may designate."

(m) At the end of section 414 (b), which relates to munitions control, add the following: "Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms of United States manufacture, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture."

(n) In section 419 (a), which relates to atoms for peace, strike out "1958" and "\$7,000,000" in the second sentence and substitute "1959" and "\$5,500,000," respectively.

(o) In section 420, which relates to malaria eradication, insert after the word "authorized" in the second sentence "to use funds made available under this act (other than chapter 1, title I, and title II)"; and strike out the last sentence.

SEC. 9. Title V, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to general provisions, is further amended as follows:

(a) Section 502, which relates to use of foreign currencies by congressional committees, is amended by striking out the proviso in subsection (b) and inserting the following: "*Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first 30 days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the CONGRESSIONAL RECORD within 10 legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate."

(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: "Sales of fresh fruit and the products thereof under this act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, 73d Cong., and sec. 901 (b) of the Merchant Marine Act, 1936, as amended)."

(c) Section 510, which relates to purchase of commodities, is amended by striking out "title II or" in the first sentence; and by striking out the third sentence and inserting in lieu thereof the following: "Funds made available under chapter 3 of title I, title III, and title IV of this act may not be used for

the procurement of a commodity outside the United States: *Provided*, That not more than 50 percent of such funds from and after the date of enactment of the Mutual Security Act of 1958 may be used for the procurement of a commodity outside the United States if the President determines that such procurement will not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to and the national interests of the United States of less costly procurement abroad."

(d) Add the following new section:

"SEC. 516. Prohibition against debt retirement: None of the funds made available under this act nor any of the counterpart funds generated as a result of assistance under this act or any other act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this act."

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, as amended, which relates to organization and administration, is further amended as follows:

(a) Amend section 527, which relates to the employment of personnel, by adding the following new subsection:

"(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions."

(b) Amend section 537, which relates to provisions on uses of funds, as follows: In subsection (a) (1), strike out "for the fiscal year 1958"; and in subsection (c), strike out "Not to exceed \$18 million" and substitute "Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26 million", and add the following new clause before the period: ", and not to exceed \$2,750,000 of funds made available for assistance in other countries under this act may be used (in addition to funds available for such use under other authorities in this act) for construction or acquisition of such facilities for such purposes elsewhere."

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to repeal and miscellaneous provisions, is further amended as follows:

(a) Amend section 543 (d), which relates to saving provisions, by striking out "act of 1956 or the Mutual Security Act of 1957" and substituting "Act of 1956, 1957, or 1958" in the first sentence and by inserting the following new sentence after the second sentence: "Except as provided in the third sentence of section 510, until June 30, 1958, funds used for the purposes of this act shall be so used in accordance with the provisions of this act as in effect prior to the effective date of the Mutual Security Act of 1958."

(b) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to acts other

than the Mutual Security Act of 1954, as amended) and substituting the following new subsections:

"(b) Section 101 of the Government Corporation Control Act, as amended (81 U. S. C. 846), is further amended by inserting 'Development Loan Fund;' before 'Institute of Inter-American Affairs.'

"(c) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

"(1) In subsection 1 (a), insert the following new subparagraph after subparagraph (4):

"(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract."

"(2) In subsection 1 (e), strike '(3) or (4)' in the last sentence and substitute therefor '(3), (4), or (5).'

"(3) In subsection 1 (f), insert 'or in any work under subparagraph (5) subsection (a) of this section' between 'this section' and 'shall not apply.'

"(d) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): 'or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.'

"(e) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words 'in the Department' wherever they appear therein and by adding at the end thereof the following new sentences: 'Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to

such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this act on salaries in excess of \$13,500.'

"(f) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

"(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

"(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

"(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts."

"(g) The act of May 26, 1949, as amended (5 U. S. C. 151 (a)), relating to the organization of the Department of State, is amended as follows:

"(1) In section 1, strike out 'three' and insert 'two.'

"(2) In section 2, designate the present language as '(a)' and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this act, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the "Deputy Under Secretary of State for Economic Affairs" or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs."

"(h) Section 712 (b) of title 10 of the United States Code is amended to read as

follows, such amendment to take effect 1 year after the enactment of this act:

"(b) A member of the Armed Forces detailed under this section is entitled to credit for all service while so detailed, as if serving with the Armed Forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

"(1) Title III of the Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82d Cong., 22 U. S. C. 1613) is amended by adding the following new section:

"Sec. 306. (a) This act shall not be deemed to prohibit furnishing economic and financial assistance to any nation except the Soviet Union, Communist China, and North Korea, whenever the President determines that such assistance will strengthen the security of the United States by enabling the freedom-loving peoples of such nation (a) to achieve a measure of political, economic, and social freedom from Sino-Soviet domination or control, or (b) to strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination or control, or (c) to reduce their economic dependence on the Sino-Soviet bloc in keeping with their already established political independence. The President shall immediately report any determination made pursuant to this section, with reasons therefor, to the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate, and to the Committee on Foreign Affairs, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives.

"(b) The Administrator may, notwithstanding the requirements of the first proviso of section 103 (b) of this act, direct the continuance of assistance to a country which permits shipments of items other than arms, ammunition, implements of war and atomic energy materials to any nation receiving economic or financial assistance pursuant to subsection (a) of this section."

"(j) The first section of the act of June 28, 1935, as amended (49 Stat. 425), is amended by striking out '\$30,000' and inserting '\$33,000', and by striking out '\$15,000' the first time it appears and inserting '\$18,000'."

"(k) Section 2 of the act of July 11, 1956 (70 Stat. 523), is amended by striking out all beginning with 'an' down through 'Conference and' and substituting 'There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sums as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 percent of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and.'"

"(l) Section 5 of the act of July 30, 1946 (22 U. S. C. 287q), is amended by the addition of the following sentences at the end thereof: 'The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: *Provided*, That no such gift or bequest may be ac-

cepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.'

"(m) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes ', as apportioned' is amended to read as follows: '(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 percent of such expenses.'

"(n) Section 104 of the Agricultural Trade Development Assistance Act of 1954 (Public Law 480, 83d Cong.; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe."

"(o) The act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"Sec. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

(c) Amend section 545, which relates to definitions, as follows:

(1) In subsection (j), insert "the Development Loan Fund and" after "refer to" and strike out "title II."

(2) In subsection (k), insert "the Board of Directors of the Development Loan Fund and" after "refer to" and strike out "title II."

Sec. 12. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.

Sec. 13. Notwithstanding the amendments made in sections 103 (a) and 131 (b) of the Mutual Security Act of 1954, as amended, by sections 3 and 4 of this act, the total of new appropriations for military assistance and defense support made pursuant to such sections 103 (a) and 131 (b) shall not exceed \$2,400,000,000. The President is authorized during the fiscal year 1959 to trans-

fer from funds appropriated pursuant to such section 103 (a) to funds appropriated to such section, 131 (b), or vice versa, amounts not to exceed a total of \$235 million.

Mr. GREEN. Mr. President, this is the second time I have had the responsibility for presenting the Mutual Security Act to the Senate. As chairman of the Committee on Foreign Relations I bring to the Senate today, H. R. 12181. The bill authorizes an appropriation of \$3,068,900,000 for various programs of mutual aid which I shall presently outline.

First of all, I invite the attention of the Senate to the report of the committee on each Senator's desk which is a detailed explanation of the bill and of the reasoning which convinced the committee it should include its various provisions. Contained in the report are all the figures on the proposed amounts of aid which the committee could make public. Those of my colleagues who wish to have more detail on the amounts of assistance for various countries are invited to ask staff members of the Committee on Foreign Relations, who are sitting at the back of the Chamber, with the classified presentation books. I believe that these books will give my colleagues all the necessary information.

Let me say at the outset that, for me, it is in no sense a pleasure to urge the Senate to authorize the expenditure of public funds. That is especially the case when the sum is in the neighborhood of \$3 billion, and it is especially the case when the money involved is to be spent for purposes abroad at a time when many needs exist right here at home.

As the Senate knows only too well, we are attempting to curb a recession in this country, and that takes money, for unemployment benefits, for public works, and for a multitude of other purposes. At the same time we are attempting to strengthen our National Defense Establishment and that takes money, for the development of advanced weapons, and for the improvement of our existing military services. We are also attempting to improve our educational and other social services and that, too, takes money, for new schools, for hospitals, and for a multitude of other activities.

In these circumstances, it is quite natural for the public to ask the Senate this question: "Why do you recommend the expenditure of billions of dollars for uses abroad when so many needs are crying for help here at home, and especially when revenues are shrinking under the pressure of an economic recession?" So it is quite natural for the Senate to inquire very carefully into the need for and the purposes of an authorization of about \$3 billion, such as is contained in H. R. 12181.

That is precisely what the Committee on Foreign Relations has done. It has examined the bill itself and the philosophy and the reasoning behind it. The committee has examined both most carefully; and I now bring the bill to the Senate with the recommendation of the committee that it pass.

In making this recommendation, I am not unaware, nor has the committee been unaware, of the needs at home to which these billions might be applied. I have certainly not been unaware of the enormity of the sum involved. I can think of many things which might be done here at home with this money. I am sure other Senators, like myself, can conceive of many useful undertakings in their own States which might well absorb this money.

It is understandable that Senators should feel that way about their States. It would not be understandable, however, if they were to feel that way at the expense of the Nation. It would not be understandable if they should be inclined to sacrifice the interests of the United States—that is, of all the States including their own—on the presumption that, in so doing, they were serving their constituents.

I urge Members who may be so inclined to remember that this Nation exists on two planes. It exists as a national entity with internal needs and challenges and as a national entity with external needs and challenges. Certainly, however, we must meet our international problems. The question is not one of dealing either with the problems at home or the problems abroad. The question is not "either/or" at all. The question is one of dealing with both internal and external problems at the same time.

I am not blind to the needs of the people of my State of Rhode Island, or of any other State, for action to meet pressing domestic difficulties. In the same fashion, however, I cannot close my eyes to the urgent appeals of the President of the United States, the Secretary of State, the Secretary of Defense, and countless other officials who have called for action to meet our pressing international difficulties.

Of course, I may differ with the President and others on many specific measures which they pursue abroad. In differing, however, I do not overlook their obvious dedication to the Nation and their great knowledge of international factors which closely relate to the Nation's welfare.

When the President comes to the Senate as, in effect, he has done through the bill before us, and says that this measure is necessary for the security of the United States, for the peace and well-being of this country and other free countries, are we to question his motives or his sincerity? Are we, as though we stood on some higher pinnacle of patriotism, on some higher summit of wisdom, to say "No, that is not so; you do not know what you are talking about"? Certainly, after careful examination of the measure, we may differ with the methods he suggests. We may discover overestimates of needs. We may do many things to clothe the measure with the prudence, the care, and the safeguards which the system of separate powers wisely requires.

We cannot, however, in good faith and in good sense dismiss the entire measure as though the President knew nothing of the world and of the Nation's needs in the

world, whereas the Senate, by contrast, knows all.

Let me tell the Senate that the Committee on Foreign Relations has done what, in my opinion, is appropriate for the Senate to do with respect to a measure such as this, a measure which concerns the international needs of the United States. The committee assumed that H. R. 12181 was proposed in good faith by the President. He gave us his estimate of what this country must do, both in its own interests and in the way of assistance to other nations. The committee examined the legislation carefully and modified it in some respects. Notably, the committee reduced the almost \$3.3 billion total amount requested by \$229 million. It gave greater emphasis to the economic aspects of mutual aid. It wrote in tighter controls over expenditures where these were deemed desirable. I believe the bill which leaves the committee is a considerably better bill than the one which was referred to the committee.

Hearings, virtually all of them public, were held from March 19 to April 2, both inclusive. The committee heard as witnesses almost every leading official of the executive branch, including the armed services, and also of the civilian departments with intimate knowledge of the purposes and operations of the aid program. In addition, I myself and other members of the committee sat through an all-day meeting during which we received important suggestions from 34 witnesses of the general public who appeared as individuals or as representatives of public-spirited national organizations, with business, labor, farm, and other interests. The committee also spent many hours in executive sessions, going over the bill clause by clause, before bringing it to the Senate.

Moreover, this careful consideration took place as a result of many years of committee experience in dealing with this type of legislation. H. R. 12181 is not the first bill for mutual assistance to be referred to the Committee on Foreign Relations. I daresay that most of the senior members of the committee have considered 7, 8, or more of these bills during the past dozen years.

May I also remind the Senate that H. R. 12181 has been weighed in the light of one of the most extensive inquiries into a measure of foreign policy ever undertaken by the Senate. I refer to the work last year of the Senate Special Committee To Study the Foreign Aid Program. The Senate will recall that in 1957, the mutual assistance program was restyled in line with the recommendations of that committee. I am happy to report that this process of restyling has been extended in the current bill.

H. R. 12181, as now submitted, provides for a continuance of United States aid—military, economic, technical, and other aid—to free nations for another year. It provides aid for the same purposes as in recent years. It provides aid in order to strengthen the common defense of freedom and to per-

mit the economic and social progress of the non-Communist world to continue at a rate which will prevent the spread of Communist totalitarianism.

Perhaps some Senators may regard this bill with the feeling, even if they do not express it, of "What, again?" I must reply to that sentiment with the phrase, "Yes; again." I ask the Senators to examine the world situation, to think about that situation before they give way to a sense of boredom with the policy of mutual security, to a sense of impatience with still another act of mutual aid.

We have seen in the year's interval since last we considered a measure of this kind, tangible evidence of the rapid development of Soviet military technology. The Soviet sputniks have looped above our heads with all they suggest in terms of the potential nuclear-missile capacity in Russia. Do the sputniks suggest that now is the time to slacken the military interdependence of NATO by cutting off military aid? Do the sputniks suggest that we can now do without the overseas bases of the Strategic Air Command which the aid programs help to ensure for our use? Do the sputniks suggest that now is the time to permit the disintegration of the Korean, the Chinese, and the Vietnamese armies—those armies which provide a military bulwark against the expansion of the Communist military power in the Far East?

The committee has, however, seen fit to reduce somewhat the amount for military aid and related defense support from the President's request of \$2,635,000,000 to \$2.4 billion. It has made this cut only after a thoughtful consideration of the international situation, and on the basis of a careful evaluation of the military needs of the free world.

However, I must caution the Senate against further cuts. I must point out that such cuts can only be made by seriously contradicting the informed views of the President, the Secretary of State, the Secretary of Defense and our military commanders in the Atlantic and Pacific regions. In the last analysis, further cuts can only be made by contradicting the views of a preponderant majority of the committee which has gone to considerable pains to inform itself on the need for military aid in the free world.

Turning next to the sections of H. R. 12181 which deal with economic aid in various forms, let me say that the bill does not require additional authorizations for the Development Loan Fund. The Senate will recall that this fund was established last year in line with the recommendations of the Senate special committee. The objective was to shift the economic assistance program so rapidly as possible from a grant to a loan basis, and from a somewhat haphazard uncoordinated undertaking into a carefully run instrumentality, closely integrated with other fiscal-aid operations of the Government. While no new moneys are requested for the fund this year, it is proposed in this bill to do what the Senate special committee recommended last year, namely, to establish the fund as a Government corporation with a board of directors composed of the heads of the interested

Government agencies. This step is one which is likely to increase the business-like characteristics of the fund. It is a change with which this committee is wholeheartedly in accord.

As for other aspects of nonmilitary aid in H. R. 12181, the bill continues the technical assistance program with an authorization of \$150 million, an increase over last year's appropriation which was \$113 million. May I add that last year the Committee on Foreign Relations supported also an increase in this point 4 program, an increase denied by subsequent appropriating legislation.

A whole new economic world is coming into being in Africa, Asia, and South America. It is of the utmost importance that this country make no mistakes in dealing with this new world. If we do not make them we shall be opening up enormous vistas for future trade and investment. I can conceive of no better way to do this than by continuing the people-to-people help which is the basic function of the point 4 program. This program is relatively modest when compared with the military program and other aspects of mutual assistance. It is not the place for penny pinching. It is the place for wise and generous and farsighted action, and I hope the Senate will do what it can to encourage that kind of action.

In addition to the bilateral program of technical aid, which I have just mentioned, H. R. 12181 will permit us to continue to participate in the technical assistance and related programs of the United Nations. For this purpose the sum of \$20 million is provided, subject to the provision that our contribution shall not exceed 38 percent of the total U. N. program. Last year Congress wisely adopted the sliding-scale proviso which has reduced our contribution from 45 percent last year to 38 percent this year and which will ultimately bring about a further drop to 33⅓ percent. I use the word "wisely," because the sliding scale is designed to put our contribution on the same level as our contribution to the support of the United Nations, itself. That level has been determined to be a fair contribution and I can see no reason at this time why it should not apply to a worldwide undertaking such as the U. N. technical assistance effort.

In addition to military, economic, and technical aid whose authorization is continued, H. R. 12181 also provides special and contingency funds to meet unusual or unforeseen international situations which it is in our national interest to meet. For these purposes the bill authorizes \$212 million for special assistance and \$200 million for the contingency fund.

The bill also contains \$87,400,000 for various special programs. The Senate is not unfamiliar with the types of expenditures authorized by these programs. Some of these have been going on for some time as, for example, our contribution to the United Nations Refugee Fund, the Children's Fund, the U. N. Relief and Works Agency for Palestine Refugees, assistance to voluntary agencies in shipping relief parcels abroad, the Atoms for Peace program, and the Malaria Eradication Fund.

The sections involving special and contingency assistance have been revised in this year's legislation as fully explained in our committee report. In rewriting these sections a step forward has been taken toward clarifying the categories of aid as generally recommended by the Senate's special committee last year. This revision should permit more effective control and accountability, and the Foreign Relations Committee is in accord with it. To be sure, the change still permits the President considerable flexibility in the use of the Contingency Fund. That is as it should be. We can hardly presume to schedule in advance the earthquakes and other natural disasters which are likely to occur during the coming fiscal year. We can hardly tell in advance what country is likely to encounter a special military and economic problem which it may be in our interest to help meet. The Contingency Fund is provided for purposes of that kind and the President, perforce, must be permitted wide discretion in its use.

Other minor changes having to do with administrative and personnel matters are also reflected in H. R. 12181. Senators will note these changes in sections 9, 10, and 11 of the bill.

The committee addressed itself to several questions of policy which deserve the Senate's attention. I mention them only briefly in the expectation that the members who proposed the policy changes or additions will discuss them fully.

A statement of policy was agreed to by the committee, to the effect that the Congress recognizes the importance of the economic development of the Republic of India and that "it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program for economic development."

The committee furthermore recommends to the Senate an amendment to the Mutual Defense Assistance Control Act of 1951—the so-called Battle Act—which is designed to help the freedom-loving peoples of Eastern Europe and other areas to achieve greater political, economic, and social freedom from communism by easing the restrictions on our allies' trade with those areas.

An amendment was also adopted by the committee, which will prohibit the return to the United States for sale here of any military firearms of original United States manufacture.

Another amendment was adopted, the effect of which is generally to prohibit the use of defense support, technical assistance, special assistance, and contingency funds for offshore commodity procurement. I was particularly gratified by this action because of the economic situation in our country today.

The last amendment which I call to the attention of the Senate is one concerning Latin America. It expresses the sense of Congress that the President should seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint pro-

grams of technical and economic development. This, I believe, is a fitting response to the acts of hostility which we have recently witnessed in the hemisphere. Those acts, however deplorable they may have been, have served one good purpose. They have made clear that all is not right with Inter-American relations despite the assurances we have been receiving to that effect in recent years. I do not expect that this amendment will result at once in the undertaking of joint programs, but I do expect that it will direct the administration's attention to the need for greater consideration of Inter-American economic problems.

If I may summarize this presentation, let me say that the principal effects of the proposed legislation on the mutual security program which I believe the Senate should bear in mind are the following:

First. H. R. 12181 provides for a total authorization for fiscal year 1959 of \$3,068,900,000 as contrasted with a total authorization of \$3,342,083,000 in the present year.

Second. It changes, to some extent, the ratio of military and nonmilitary aid in favor of the latter, although military and related aid still represent the preponderance of authorized expenditures in this act.

Third. It puts the Development Loan Fund on a corporative basis, a more businesslike arrangement.

Fourth. It strengthens the point 4 program.

Fifth. It clarifies the special and contingency categories of mutual aid.

In short, Mr. President, the mutual security program remains an effort to maintain in the world the position of the United States and of freedom itself. At times it is necessary to do more or to do less to maintain that position. At times it is necessary to emphasize military defense factors and at other times economic factors. Until there is reasonable certainty, however, that the position of the United States and of freedom is secure, this effort must go on, and this policy of mutual assistance must be pursued. The President has said that this effort—the policy of mutual security—is essential to the well-being of our country. The Senate and Congress will make this effort and this policy possible by passing the bill, H. R. 12181.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. MORSE. It has been my privilege to hear the chairman of the Committee on Foreign Relations during the entire presentation of his report on behalf of our committee. It is due the Senator from Rhode Island to say that I think I speak for both sides of the table in our committee when I express to him our appreciation for the impartial leadership he has extended to us as we have conducted hearings and then have had our executive session and discussions on this very important and highly complicated bill.

I think the Senate should know that the Senator from Rhode Island, serving as chairman of the Committee on For-

eign Relations, has performed a very difficult service, because his is a difficult assignment, on a very controversial bill, in a manner which is a great credit not only to himself but also to the committee and the Senate.

As the Senator from Rhode Island knows, I have reservations concerning some parts of the bill. I voted to report the bill in order to get it to the floor of the Senate, because I felt that it was the best composite of the varying points of view within the committee; that in its final form it was a constructive proposal; and that it would, of course, be subject to amendments offered on the floor of the Senate by some of us who are members of the committee and, I am sure, by other Senators who are not on the committee.

But even though I have my differences with the chairman of the committee and with other Senators on some points of the bill, particularly in regard to what I consider to be its overemphasis on military aid, at the expense of much more needed economic aid, nevertheless I want the RECORD to show that I feel personally indebted to the chairman of the committee, as I think every other member of the committee does, for the very fine manner in which he has conducted the committee's deliberations on the bill and has brought it before the Senate by means of a vote in the committee of, as I recall, 14 to 1 in support of the bill. I congratulate him upon that leadership.

In the course of the debate in the next few days, I shall present some of my individual views which I expressed in the committee, and I shall submit a few amendments. But I want the Senator from Rhode Island to know that I shall do so, not with any reflection upon the chairman of the committee, but only in expressing an honest difference of opinion which I have with him in regard to a matter of emphasis, not a matter of objectives.

This evening the Senator from Rhode Island has discussed some objectives in connection with the importance of foreign aid to the security of our country, and I am in complete agreement with him as to the objectives. Whatever difference I have is over the method of implementing the objectives.

I wish to make this statement as the Senator from Rhode Island concludes his presentation, because I am sure that if all the other members of the Foreign Relations Committee were present at this time, they would state that they share my views.

Mr. GREEN. Mr. President, I thank the Senator from Oregon for what he has said; his remarks touch my heart very deeply.

The work has been hard, but I have had able assistance from all members of the committee. Throughout our labors, and also at the conclusion of them, there has been no trace of partisanship.

Mr. MORSE obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator from Oregon yield briefly to me, so that I may submit some amendments and make a brief statement?

Mr. MORSE. I yield.

Mr. KNOWLAND. First of all, I wish to say that I join in the remarks which have been made by the Senator from Oregon in regard to the very fine work performed by the chairman of the Foreign Relations Committee [Mr. GREEN].

It has been my privilege to serve on the committee for a number of years, under several chairmen. No chairman under whom I have served has worked with greater diligence or has been more constant in the performance of his duties than has the distinguished Senator from Rhode Island.

As the Senator has said, the questions which have arisen have not been of a partisan nature. Senators have honestly differed regarding some of the provisions of the bill.

In general, I have supported, and I do support, the principle of mutual security and thereby of helping to maintain a free world of freemen.

It happens that I am concerned about at least one section of the bill, and perhaps about two sections. During the committee's deliberations, I made some reservations; and I believe that in good conscience I must submit an amendment to at least one section of the bill. But that situation does not affect the general problem which confronts us.

Mr. President, I submit amendments to H. R. 12181, the Mutual Security Act of 1958. For the information of the Senate, I ask that the text of these amendments, which show the subsections of the bill they seek to change, be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER. The amendments will be received and printed, will lie on the table, and, without objection, will be printed in the RECORD.

The amendments submitted by Mr. KNOWLAND are as follows:

On page 58, beginning with line 21, strike out down through line 24 on page 59.

On page 59, in line 25, strike out "(j)" and insert in lieu thereof "(i)."

On page 60, in line 4, strike out "(k)" and insert in lieu thereof "(j)."

On page 60, line 16, strike out "(l)" and insert in lieu thereof "(k)."

On page 61, in line 16, strike out "(m)" and insert in lieu thereof "(l)."

On page 61, in line 23, strike out "(n)" and insert in lieu thereof "(m)."

On page 62, in line 11, strike out "(o)" and insert in lieu thereof "(n)."

Mr. KNOWLAND. Mr. President, the amendments I have submitted will, if adopted by the Senate, eliminate the provisions recommended by the Senate Foreign Relations Committee which seek to open up economic assistance to all Communist-controlled nations except those of the Soviet Union, Communist China, and North Korea.

Mr. President, when the Battle Act was passed by the Congress in 1951, 900 million people, in 13 Communist nations—36 percent of the world's population—had lost their freedom to the most godless tyranny the world has ever known. Today, 7 years later, there are still over 900 million people behind the Iron and Bamboo Curtains. In Latvia, Lithuania, and Estonia, Yugoslavia, Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Rumania, Korea, China, and Russia, the hopelessly

enslaved in the Communist world look to the United States as the only salvation and the only expectation of the future of a free world of free men.

The Communist officials in the Soviet Union and Communist China who direct and control the economies of the rest of the Communist nations would, in my judgment, be greatly relieved by enactment of the Senate Foreign Relations Committee amendment which would alleviate for them the burdens of providing an acceptable standard of living in these nations, while retaining for themselves the privilege of complete control over the political destinies of the citizens of these nations.

If the Senate were to give its approval to the principle that the taxpayers and citizens of the United States, who already have contributed billions of dollars toward our defense efforts, should be required to support the economies of the Communist satellite nations, the Senate would, in my judgment, be helping to extinguish the light of eventual freedom for the peoples now held in Communist captivity.

Mr. President, the arguments which are set forth in the Senate Foreign Relations Committee's report do not hold up in the face of critical scrutiny. No third category of nations is in the process of moving away from Communist control and of establishing some measure of independence. In recent years the brutal crushing of the uprisings in Poland and Hungary by the Soviet Union is stark testimony as to what lies ahead for the people of any Communist nation who attempt to assert their natural independence. This also constitutes a clear refutation of the report of the Senate Foreign Relations Committee in this regard.

Mr. President, for the sake of a free world of free men, we must understand that there is no difference between communism in the Soviet Union and communism in Czechoslovakia; there is no difference between communism in Red China and communism in Hungary; there is no difference between communism in North Korea and communism in Poland.

I hope the United States Senate will not place its approval on these provisions of the bill as reported by the Senate Foreign Relations Committee, for, if approved, they would, in my judgment, at least, have such grave consequences to the people in both the free world and the Communist world.

Mr. President, I thank the distinguished Senator from Oregon for yielding to me.

Mr. MORSE. Mr. President, I have been pleased to accommodate the distinguished Senator from California.

Mr. President, I turn now to another subject.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The Senator from Oregon has the floor.

ADDITIONAL UNEMPLOYMENT COMPENSATION

Mr. MORSE. Mr. President, in cooperation with the leadership of the Senate, earlier this afternoon I agreed

Calendar No. 1657

85TH CONGRESS
2^D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

MAY 28, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS (for himself and Mr. PROXMIRE) to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 47, between lines 10 and 11, insert the follow-
2 ing new subsection:

3 “(1) Amend section 413, which relates to encourage-
4 ment of free enterprise and private participation, as follows:”.

5 On page 47, line 11, strike out “(1)” and insert in
6 lieu thereof “(1)”.

7 On page 47, line 22, strike out the period and insert
8 in lieu thereof a semicolon.

9 On page 47, between lines 22 and 23, insert the
10 following:

1 “(2) Insert the following new subsection:

2 “ ‘(c) Under the direction of the President, the Depart-
3 ments of State and Commerce and such other agencies of the
4 Government as the President shall deem appropriate, in
5 cooperation to the fullest extent practicable with private
6 enterprise concerned with international trade, foreign invest-
7 ment and business operations in foreign countries, shall con-
8 duct a study of the ways and means in which the role of the
9 private sector of the national economy can be more effec-
10 tively utilized in foreign technical assistance, coordination
11 with United States and other foreign aid programs and other-
12 wise in the foreign policy efforts of the United States. Such
13 study shall include specific recommendations for such legisla-
14 tive and administrative action as may be necessary to ex-
15 pand the role of private enterprise in advancing the foreign
16 policy objectives of the United States.’ ”

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MAY 28, 1958

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H. R. 12181

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6 thereof “(j)”.

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8 thereof “(k)”.

9 On page 61, line 16, strike out “(m)” and insert in lieu
10 thereof “(l)”.

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12 thereof “(m)”.

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 2, 1958

For actions of May 29, 1958

85th-2d, No. 86

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate passed bill to permit transfer of cotton allotments due to excessive rainfall. Senate committee reported bill to revise procedures for election of SCS farmer committeemen. Senate debated mutual security authorization bill.

HOUSE

1. PERSONNEL AWARDS. The Education and Labor Committee reported with amendment H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement (H. Rept. 1831). p. 8841
2. ELECTRIFICATION; RECLAMATION. Rep. Ullman criticized the operations of the Idaho Power Co. in the construction of dams in preference to the Hells Canyon dam, and inserted excerpts from a recent committee print of the Senate Interior and Insular Affairs Committee relative to certain proposals made by the company to the Bonneville Power Administration which he stated "provide all the documentation needed to illuminate the Idaho Power Co.'s latest scheme of subsidized underdevelopment." pp. 8839-40
3. TRANSPORTATION. Received memorials from the Miss. Legislature urging the removal of "discriminatory regulations as they apply to transportation by railroads," and favoring the repeal of the Federal excise tax upon the transportation of passengers and freight. pp. 8841, 8762
4. BUDGETING. Both Houses received from this Department "reports prior to the restoration of balances under the appropriation and fund accounts 'Salaries and

Expenses, Commodity Exchange Authority, 1957,' 'Salaries and Expenses, Office of the Secretary of Agriculture, 1957,' and 'Consolidated Working Fund, Agricultural Marketing Service, 1957''; to Government Operations Committees. pp. 8762, 8841

5. ADJOURNED until Mon., June 2. p. 8841

SENATE

6. COTTON ACREAGE ALLOTMENTS. Passed without amendment H. R. 12602, to permit the transfer of 1958 farm acreage allotments for cotton in the case of natural disasters, in place of S. 3890, an identical bill, the passage of which was reconsidered and the bill postponed. This bill will now be sent to the President. pp. 8761-2

7. WILDLIFE; INSECTICIDES. Passed as reported S. 2447, to authorize studies by the Interior Department of the effects of insecticides upon fish and wildlife. The committee amendments added pesticides to herbicides and fungicides and authorized continuing studies for such purposes in place of \$280,000 per annum to carry out such objectives. pp. 8777-8

8. FARMER COMMITTEES. The Agriculture and Forestry Committee reported with amendment S. 1436, to amend various provisions of law regarding ASC committees, to provide for administration of the farm program by farmer-elected committees, etc. (S. Rept. 1646). p. 8764

9. FOREIGN AID. Continued debate on H. R. 12181, the mutual security authorization bill. pp. 8769, 8785-9, 8804-8, 8813-14

10. WHEAT. Sen. Humphrey inserted a resolution from the Aitkin County, Minn., Farmers' Union urging all producers to vote in favor of price supports and marketing quotas on the 1959 wheat crop. pp. 8762-3

11. ALCOHOL. Sen. Humphrey inserted a resolution from the Franklin, Minn., Chamber of Commerce, urging the Federal Government to build and operate plants to convert corn and wheat into industrial alcohol to solve the farm surplus problem. p. 8763

12. CORN TASSEL. Sen. Humphrey inserted a resolution from the Minn. Federation of Women's Clubs, urging the adoption of the corn tassel as our national flower. p. 8763

13. TOBACCO. Sen. Morton inserted comments by six scientists challenging the validity of findings that cigarettes cause lung cancer. pp. 8782-5

14. MARKETING; ECONOMIC SITUATION. Sen. Potter inserted statements by participants in an economic mobilization conference, including the chairman of the Jewel Tea Co., who spoke on developments in the food industry (pp. 8800-1). pp. 8792-8804

15. ADJOURNED until Mon., June 2. p. 8826

of his own choosing. Each spring we would quarrel bitterly over candidates in the primary. Each fall we would kiss, make up, and have pictures taken with our arms around each other's shoulders. I always kept thinking: "This spring we must knock them out of the box."

But the time never came. And in 1955 when question of the succession arose the organization swallowed Dick Dilworth as its candidate for mayor like a brave little boy taking castor oil.

Yet, as I look back on my administration, I think that one of my most early miscalculations was thinking that I could ignore the Democratic city committee and get away with it. So far as defending the city charter and getting our budget through the council were concerned, we were successful. But for 3 long years Bill Green, the Democratic city chairman, and his ward leaders, held on to their power in the county offices. And in the State legislature no legislation affecting the city of Philadelphia went through without Green's consent. This situation resulted in many frustrating failures and I had to eat a lot of humble pie. Even today, the Governor must look to the city committee rather than to the mayor if he wants help in carrying out his State program.

A successful politician must learn what he can expect from his local business and financial leaders and from organized labor.

We came to expect nothing from the Philadelphia Chamber of Commerce. Like its national parent, it kept repeating ancient and obsolete dogma. For 67 years it had got its way in city hall—low taxes, inadequate municipal services, favors for those who would pay for them—and it was slow to realize that times had changed. Yet, I now feel that if I had been more tolerant and friendly toward the chamber, we might have avoided at least two rows which set our program back. And today new leadership in the chamber is giving Mayor Dilworth cooperation I never could obtain.

WHO SPEAKS FOR THE PEOPLE?

Fortunately, the chamber did not speak for all the city's businessmen. The top-flight business leadership was organized in the greater Philadelphia movement, and it was eager to cooperate. These men supported the Penn Center development—a vast project (reported by James Reichley in the February 1957 issue of Harper's) which is remaking the center of the city. They developed the new Food Distribution Center, replacing the city's old and inefficient markets. And they organized and helped finance the citizens' charter committee, which was of tremendous help in getting and keeping our basic political reforms. Most of them were Republicans, but they were greater Philadelphians before they were partisans—and therefore as anxious to get our help as we were to get theirs.

Organized labor had supported us on our way up, although there were a few rough moments at the summit. For over a year I was unnecessarily at odds with Joe McDonough, the AFL leader in Philadelphia, because of my own tactlessness. He wanted a representative of labor on the civil service commission, which I did not think appropriate. Of necessity, he had to espouse the cause of Jim Forbes, flamboyant leader of the fire fighters' local union. He was also concerned because we had abolished the 40-hour week for city employees 2 days after we took office—not because we opposed it, but because the lame-duck Republican council which had voted it in had failed to provide the tax money to pay for it. From where Joe sat, he had a strong case, and I should have been more sympathetic to the difficulties which confronted him inside his own organization.

But, on the whole, the unions stood solidly behind our administration and asked for lit-

tle they weren't entitled to. Many of their leaders served faithfully and well on the nonpaid citizen boards and commissions which were an important feature of the new charter.

Winning and holding the loyalty of the civil servants was a major undertaking because of the sleazy methods of administration and resulting low morale we inherited. We fired a few crooked cops and firemen, made friends with the AFL blue-collar employees' union, and gave everybody a long overdue pay raise. We finally convinced them, I think, that they didn't have to grease their ward leader's palm to hold their jobs or win promotion. I believe we ended up with as fine a group of hardworking, loyal, courageous employees as any large corporation could boast of.

Finally, a political leader must know how he stands with the people, and what steps he should take to keep them constantly informed of his program, so that he can rally popular support at critical moments.

This was a major preoccupation for me. We tried to operate in a goldfish bowl. We solicited criticism and suggestions. Once a week we were on radio explaining our plans and programs. Twice a month we had television shows—Tell It to the Mayor, on which we solicited gripes on everything from trash collection to traffic control—and Report to the People, on which I reviewed the last month's happenings in city hall. Press conferences were held once a week. In addition, all reporters could see the mayor on short notice at any time, and had my phone number to call at any hour. Cabinet officers spoke whenever they were asked.

Through these channels and from our political friends flowed a daily stream of information which we tried to dissect at cabinet meetings. In spite of a good many mistakes, I think we came fairly close to knowing the day-to-day public reaction to what we were doing and to what extent we could rally support for our next move.

HOW HIGH TO AIM?

No matter how carefully a mayor may remember all these things, he is not likely to succeed unless he also remembers his single most priceless asset. This is simply the fact that he is the directly elected representative of all the people in his city.

They look to him for leadership, not to the members of the council or to the party hierarchy. They expect him to carry out his party's campaign promises. They cheer him if their interests are successfully defended, and blame him for any failure.

No appointed official—city manager, managing director, or chief administrator—can possibly get or keep the prestige of an elected mayor. Top leadership in American politics is never hired; it is always elected. This is the mayor's great strength. It is also his heaviest responsibility.

For the essence of leadership is to lead, not to follow. It means staying ahead of the crowd—far enough ahead so that people can clearly see which way you are heading—but not so far that you lose sight of your followers and they of you. Deciding how far ahead you should be at any moment is a matter of intuition, not something you can settle according to the formal rules of administration. It is said ad nauseam that politics is the art of the possible—but in his heart every successful political executive knows that what is possible depends largely on the quality of his own leadership.

One great danger to democracy is that power will fall into the hands of men who react to new challenges in obsolete ways. Toynbee has warned us that the men who have successfully responded to one challenge are rarely able to supply the leadership needed for the next one. They tend to think the same policies and methods will work again. More often than not, they won't.

So the primary function of sophisticated leadership is to use the experience of the past as a kind of arch, through which to look at each challenge as something quite new.

A SHORT DISTANCE

Solving these new problems requires the aid of skilled planners. They are practically all in short supply—whether they are technicians in shelter, traffic, water resources, or race relations. They cost money. One of the leader's jobs is to get that money at almost any cost. No mayor of any major American city can possibly succeed today unless he has at his elbow the very best planners—for the city, metropolitan area, and region—that money can buy; and money alone is not enough. Often he must persuade them to enter public service at considerable personal loss.

He can do this only if he holds a high conception of the purpose of political leadership.

He must set worthy goals for himself, for the men who work with him, and for the people he hopes to lead. Nobody can be expected to follow a mayor with clay feet.

Alexis de Tocqueville, in his classic study of the United States, concluded that such a high standard of leadership was impossible in a democracy. Our form of government was not suited, he believed, to "give a certain elevation to the human mind * * * to inspire men with a scorn of mere temporal advantages, to form and nourish strong convictions, and to keep alive the spirit of honorable devotedness." On the contrary, he thought that democracy was more likely to "divert the moral and intellectual activity of man to the production of comfort * * * to insure the greatest enjoyment and to avoid the most misery to each of the individuals who comprise it."

I take a more cheerful view. I believe it is the function of modern democratic leadership to do both—to provide a floor below which misery will not be permitted to sink, and also to provide an environment in which the mind and spirit can flourish and rise to new heights of achievement. To do this, a leader needs that sense of history which was always a part of the thinking of such men as Franklin D. Roosevelt and Winston Churchill. A mayor does not come to office to preside over the dissolution of his city, any more than Churchill became Prime Minister to preside over the dissolution of the British Empire. He must be proud of his city's past and anxious to play his part in its future. And in his daily life he must make it clear that he has not—in Tocqueville's phrase—"acquired the supreme power only to administer to * * * coarse or paltry pleasures." In short, when ridding Philadelphia of corruption it was also necessary to rid it of contentment.

Together with this sense of history, a good political leader must have the ability to look ahead for the best way to the ideal future of his city. Then, when he has discerned it as clearly as he can, he must try to lead his community a short distance in the right direction—remembering that it is his high duty to bring out the best in that imperfect and imperfectible being who is created nonetheless in God's image: Man, on whose support his claim to leadership depends.

MUTUAL SECURITY ACT OF 1958

The VICE PRESIDENT. Is there further morning business? If not, without objection the Chair lays before the Senate the unfinished business, H. R. 12181.

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

THE LAG IN OUR NATIONAL DEFENSE

Mr. SMITH of New Jersey. Mr. President—

The VICE PRESIDENT. The Senator from New Jersey.

Mr. SMITH of New Jersey. Mr. President, I am happy to yield to my distinguished friend the Senator from Missouri [Mr. SYMINGTON], who advises me he has a statement to make and desires to meet a plane. I yield to him with the understanding that I do not lose the floor.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Missouri may proceed.

Mr. SYMINGTON. Mr. President, through a policy of inaction, this administration is handing military superiority over to the Communists; and the recent technological and diplomatic defeats forced upon the free world as a result of this policy, only serve to emphasize the growing peril.

Our defense effort is being shackled by a lack of decisive leadership.

At the time of the launching of the first sputnik, nearly 8 months ago, our defense strength was greater vis-a-vis the Communists than it is today.

The new Russian sputnik was launched May 15, another grim warning for all but the blind to see—a ton and a half of Soviet technology circling our country at will.

Nevertheless, our Government continues to place soft living and budgetary considerations ahead of national security.

If the rapid advance of communism during recent years has taught us anything, it is that successful negotiations with these people are possible only if conducted from a position of relative strength.

Therefore, there can be no justification whatever for our present policies.

Having permitted the United States to lose its relative defense strength, we are now adding new names to the old trouble spots.

To Korea, Formosa, Indochina, and Egypt, we now add Syria, Yemen, Indonesia, Lebanon, and Algiers.

And our oldest ally of all—France.

Also new names from the Western Hemisphere—Lima and Caracas, places where people recently stoned and spat in derision on the Vice President of the United States.

As things are now going, more names will appear shortly, to be added to the long list of recent free world failures.

Every American has the right to ask, What action has been taken during the nearly 8 months which have passed since last October 4, the day Russia projected man into the Space Age?

The answer is, very little.

After Sputnik I there appeared to be a stirring, an uneasiness, a resolve to face up more to reality.

But now again the administration has fallen back into its former ostrich-like state of complacency.

As the beep of the first sputniks faded into silence, inaction, delays, and expenditures ceilings returned to view.

The truth of the matter is they never really left; but became temporarily un-

noticed, while our attention was diverted by public statements of promised actions.

In addition, through an unfortunate twist of timing, there was another diversion—discussion of the administration's defense reorganization plan.

That controversy has tended to relegate and obscure the issue of our relative decline in strength.

Last November 14, President Eisenhower himself promised "a critical re-examination of our entire defense position."

At that time also, the President announced a basic change in the policy of his administration, when he asserted that the American people would no longer "sacrifice security worshipping a balanced budget."

As a result of these statements by the President, many of us were willing to overlook the Government's record during the previous months—a record of disgraceful disregard for our declining strength vis-a-vis that of the Soviets.

On the contrary, we were eager to cooperate to recover lost ground; anxious to build up our military strength so there could be hope in negotiations looking toward permanent world peace.

Last November the Senate Preparedness Investigating Subcommittee started hearings to find out the truth about our strength.

During these hearings, expert testimony was received from outstanding civilians, scientists, and military leaders.

On January 23, the subcommittee issued a unanimous report, signed by all Republican members of the committee as well as all Democrats.

That report listed 17 areas "upon which decisive action must be taken."

These recommendations—nonpartisan in origin and constructive in content—presented a suggested framework for positive action on the part of the administration.

Taking them up in order, the first unanimous Senate subcommittee recommendation was to "modernize and strengthen the Strategic Air Command."

What has been done to that end is inadequate.

As example, there has been no acceleration whatever of aircraft production programs.

A few more long-range jet bombers and tankers were scheduled; and for them this administration did request a supplemental appropriation to the 1959 budget; but what was asked for will give less than one additional SAC wing; and that shrunken wing is not planned to be operational for 3 years.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to my able and distinguished friend from Pennsylvania.

Mr. CLARK. I am very much interested in the most important speech which my good friend from Missouri is now making on the floor of the Senate. He has been kind enough to give me an advance copy of his speech. It is on a subject matter in which I personally have an intense interest.

With respect to what the distinguished Senator from Missouri has just said, I should like to inquire, realizing that there is certain classified information which the Senator cannot reveal but within the limitations of classification, how operational today is SAC? What percentage of its planes can be kept in the air? What is the status with respect to maintenance, and gasoline, and the ability to keep the planes fully operational? I notice that the Senator's recommendation No. 14 deals with the problem of adequate pay for skilled military personnel.

Does the Senator feel that legislation which has been enacted, or that which may be enacted, will be adequate to hold the experienced competence which is necessary not only in armed services personnel, but in civilian personnel? I realize I have thrown a great many different questions at the Senator, but I think all Americans would be interested in an amplification about SAC's situation, subject to restrictions of classified information.

Mr. SYMINGTON. I thank the Senator for his interest in this matter, especially as he is one of those who takes a continuing and basic interest in our national defense.

Answering the last part of the Senator's question first, I would say the new military pay law is a substantial improvement over the pay scales of the past. I do not believe it will do all the job which is required. I still think we shall lose, especially after the first term enlistments, a number of mechanics and other skilled personnel as well as technicians in the new arts which are becoming so important in defense. This turnover is expensive and weakens our defense capability.

However, with respect to the maintenance of SAC—and I am one who believes that SAC is the greatest single deterrent to war we have in the free world today—the maintenance is inadequate, the number of mechanics is inadequate, and the modernity of the planes is not what it should be. The primary reason for these inadequacies is the expenditure limitations which are arbitrarily imposed on the construction, maintenance and operation, and equipment of the Strategic Air Force.

Mr. CLARK. I thank my friend for his answer. I hope the American people will be given the opportunity to hear this speech through the press.

I feel we have slipped back into another era of complacency, after the splendid work which was done by the Johnson subcommittee, on which the Senator from Missouri served with such distinction earlier in the year. I think the time has come to awaken the people of the United States to the fact that nothing adequate is being done in this area.

Mr. SYMINGTON. I thank the Senator for his typically constructive approach to this vital matter.

I point out, if I may, that under the chairmanship of the distinguished majority leader an extraordinary accomplishment occurred in regard to these 17 recommendations. The logic and

man in smoking. It doesn't even cause short breath, he said.

"Dr. Maurice S. Segal, who is director of the lung station of Tufts University Medical School in Boston, is a nonsmoker and said he personally regards it as an offensive habit.

"But he said evidence is anything but conclusive that cigarettes cause lung cancer. Tests in his own laboratory has found lung cancer among nonsmokers, he said, and added, 'People have smoked from time immemorial. To me, proper ventilation and humidity in homes is of much more importance than questions of cigarettes.'

"Two years of laboratory tests in Boston also have shown cigarettes do not affect breathing at all, he said. Ballplayers often smoke, he noted, and so even do distance runners.

"Dr. Segal, in town to address the Southwest Allergy Forum, was talking about healthy people. Those with chronic bronchitis are not advised to smoke heavily, he said.

"He took issue with announced statistics about cigarette-bred lung cancer. 'Whatever the answer, statistical evidence is not it,' with proposed regulatory legislation, 'How can they possibly list the nicotine content on each pack of cigarettes, when each batch of tobacco is different?'; and with the testing, 'What does tar and nicotine on a mouse's back prove, except maybe that mice shouldn't smoke?'"

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. CURTIS. Mr. President, will the distinguished Senator from New Jersey yield, so that I may suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from New Jersey yield for that purpose?

Mr. SMITH of New Jersey. I yield for that purpose.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Without objection, it is so ordered.

Mr. SMITH of New Jersey. Mr. President, I desire to speak in support of the Mutual Security Act of 1958, which is presently under consideration by the Senate. My distinguished colleague, the senior Senator from Rhode Island [Mr. GREEN] the chairman of the Committee on Foreign Relations, in his opening address in the debate last night presented very fully and completely an outline of the need for the proposed legislation. From our side of the aisle, the Republican side, I desire this afternoon to support the bill, and point out some of the reasons for doing so.

Mr. President, it is with mixed feelings that I speak to the Senate today in support of the Mutual Security Act of 1958.

Since 1944 I have been a Member of this body. Since 1947 I have been a member of the Committee on Foreign Relations.

During these years the United States has moved from a position of eminence among nations to a position of leadership.

The war against fascism has been won.

Bipartisanship has become the guiding political philosophy in the conduct of the foreign relations of the Nation.

The United Nations was established largely as a result of the tenacity with which the United States persevered in the concept of collective security.

When Greece and Turkey were threatened by international communism, the United States supplied the economic and military muscle necessary to their defense.

Postwar chaos in Western Europe was avoided by the efforts of the people of this Nation through the Marshall plan.

When Soviet Russia threatened Western Europe, we joined with other free nations to create the North Atlantic Treaty Organization.

When the Soviet threat erupted into violence in Korea, the United States took the lead in the creation of collective defense arrangements which today serve to preserve the peace in many parts of the world. Of course, that action was taken, as we all know, through the United States.

In these postwar years, we have come to the assistance of newly created nations, helping them to develop viable economies, to preserve their independence, and to become responsible members of the international community.

We have pushed ahead in sharing the peaceful uses of the atom.

Mr. President, I could go on repeating the catalog of national achievements in the field of foreign policy in the decade I have had the privilege of serving as a member of the Committee on Foreign Relations. The record of this Nation over these years is one of magnificence. I do not believe the full magnitude—the full selflessness of this Nation will be appreciated for many, many years.

In view of these achievements, it is with reluctance and sorrow that I contemplate the fact that this will be my last opportunity as a Member of the Senate to help promote our foreign policy. Yet I feel also great pride in having been privileged to be a participant in the formulation of foreign policy over these years. I am proud to be able to assert, as I stand here today to urge this body to approve the Mutual Security Act of 1958, that had it not been for the actions of this Nation during the past decade, we would be living in a world of utter chaos. Many newly independent nations would have fallen prey to the Communists; many others would be living without hope; and world war III might well have descended upon us.

I hope, Mr. President, that in the years ahead this Nation may continue on the path charted by the civilian and military leaders of this Nation since the war. The path toward peace is not easy. It calls for sacrifice. It calls for perseverance. It calls for courage. These are qualities of the American people.

THE BILL BEFORE US

The bill we now have before us, Mr. President, carries on the bipartisan tradition of this Nation in dealing with the world in which we live. It has been reported from the Committee on Foreign Relations by a vote of 14 to 1.

The distinguished chairman of the committee, the senior Senator from Rhode Island [Mr. GREEN], has described the work of the committee in translating the high aspirations of our people into workable legislation. My only regret is that the committee did not see fit to support in full the request of the President of the United States. As the chairman noted, however, the Committee on Foreign Relations reduced by \$235 million the authorization requested by the President for military assistance and defense support. That was a substantially smaller reduction than the reduction which had been previously made by the House. Although I do not propose to offer an amendment from the floor restoring that amount, I shall oppose vigorously any attempts further to reduce the sums authorized in this bill.

PROTECTING OUR SECURITY

I cannot be a party to any tampering with the security of the Nation.

The President of the United States, who happens also to be the outstanding military figure of this generation, has, on the advice of the Joint Chiefs of Staff and on the advice of the Secretary of State, proposed a mutual-security program designed to serve the security interests of the American people. He has requested the authorization of a total of \$3.2 billion and the appropriation of \$3.9 billion, including \$625 million for the development loan fund, heretofore authorized. This request is less than half the total of \$7.9 billion which was actually appropriated in 1951.

The reduced amount requested this year represents a tightening of the belt. It represents a reduction of the military pipeline to the absolute minimum. It represents the judgment of the President of the United States and his military advisors with respect to the expenditures absolutely vital to the protection of this Nation.

Certainly the progressive reduction in these mutual security bills from a high in 1951 of close to \$8 billion to the figure this year of \$3.9 billion, is no reason to believe that the world of 1958 is somehow a safer world than it was in 1951. Since 1951 the Soviet military forces have increased in power; the Soviet Union has developed missiles that threaten this Nation directly; and the Soviet Union has embarked on an all-out attempt to win the uncommitted world by pouring out economic assistance at a rate and with a selectivity that exceeds our own.

I digress to say, with respect to the amount which our committee felt might be deducted from the bill, that the recommendation was only in the field of military assistance and defense support, and not in the field of economic aid. We felt that the appropriation for economic aid should be left as it was.

During the past 3 years the Soviet Union has spent more than \$2 billion on this economic offensive.

There is really a Soviet "New Look" in external relations. The Soviets are aware that they will be in danger if they do not meet the economic challenge and the competition we have given them by trying to help some of the underdeveloped nations of the world. The Soviets have adopted the economic attack as their line.

I am sure my colleagues will agree that the President of the United States has not established a reputation over the past 5 years as a spendthrift. His budgets have been tight. Indeed, in some areas of military spending they have been so tight that many Members of this body have urged greater expenditures.

It seems to me now to be a matter of commonsense and good judgment that we go along with the President's proposals in this highly important field of mutual security.

THE CONTINGENCY FUND

Before leaving the subject of the need for sustaining the figures recommended by the Committee on Foreign Relations, I wish to emphasize the special importance I attribute to the amount of \$200 million which has been requested for the contingency fund—a figure which was cut to \$100 million by the House of Representatives but which was properly restored to the full amount of \$200 million by the Senate Committee on Foreign Relations.

The request for the \$200 million contingency fund rests on solid historical experience that a fund of approximately this magnitude will be needed during the course of a year to meet situations which are either entirely unforeseen or which are foreseen only in part. The contingency fund is therefore unprogramed. Although there has not heretofore been a specific, separate authorization under the heading of contingency fund, the Mutual Security Act has, for years, carried unprogramed funds in various appropriations available for this kind of use. This year, those unprogramed funds are simply lumped together in the bill under one heading so that they can be more readily identified.

In fiscal 1956, contingent requirements developed to the extent of more than \$180 million; in fiscal 1957 to the extent of more than \$190 million; and in fiscal 1958, they already amount to more than \$150 million. In view of this past experience, and in view of the increasing rapidity of world events, it seems only prudent to provide \$200 million for fiscal 1959. Indeed, the requirements which are not yet firm but which are already foreseen as potential amount to the full \$200 million, for which the bill calls.

This contingency fund is an absolutely indispensable instrument for the conduct of foreign policy in this age of tension and unsettled conditions. It provides funds for Presidential use in the variety of situations which are sure to arise during the coming year but which cannot be foreseen at the present time.

In the past, this fund has been used by the President in such key countries as Turkey, the Sudan, Tunisia, Morocco, and Pakistan. It has been used to help our friends cope with natural disasters

as well as with political conditions which have threatened their very existence.

Of the total amount of \$200 million, the President may use up to \$100 million without regard to the provisions of the Mutual Security Act or related laws, provided the President determines that such use is important to the security of the United States. I might add that there is no person who is better able to judge, from his experience and life's work, what the security of the United States requires or demands.

NEED FOR FLEXIBILITY

Flexibility in the conduct of the foreign relations and in providing for the defense of the Nation is absolutely necessary in the days of intercontinental ballistic missiles. No one doubts that Mr. Khrushchev has sufficient flexibility in his conduct of the cold war. He can decide when and where and how much, without any responsibility whatever to anyone.

We cannot meet Soviet flexibility by putting our elected President in a financial straitjacket. Within the metes and bounds of the Mutual Security Act, it is still essential that we repose in the President confidence that he will utilize the contingency fund in such a way as to serve the overall interests of the Nation. I am very glad that our committee took this position of indicating that the contingency fund must be flexible in character, and that we can trust the President with its use.

SPECIAL ASSISTANCE

Although I have spoken particularly of the contingency fund, I also wish to call attention to the category of special assistance. The President requested the authorization of \$212 million for this purpose. That request was reduced by the House to \$185 million, but restored to the full amount by the Committee on Foreign Relations.

The \$212 million for special assistance, which was requested by the administration and approved by the Foreign Relations Committee, is all intended for presently known, identifiable needs. There is no speculation about this; we know what these needs are. The precise figures by countries are classified, but detailed figures are available to any Senator from the staff of the Foreign Relations Committee. I hope Senators who have any question as to these figures will not hesitate to go to the Committee on Foreign Relations to get accurate information. I can, however, list some of the countries for which special assistance is designed.

In the first place, our aid to Berlin, where we have special responsibilities, is a part of special assistance. This was formerly carried as a separate appropriation.

In Africa, special assistance will help Ethiopia, where we have important military facilities; Libya and Morocco, where we have important air bases; Somalia, which will gain its independence in 1960; and Tunisia, where there is a potentially very critical situation.

In the Near East and South Asia, special assistance will help, among other countries, Afghanistan, where the So-

viets are making such great efforts; Israel, Jordan, and Lebanon, where the need for the ability to extend assistance should be obvious to all. In Latin America, special assistance will go to Bolivia and Haiti, in each case for a different, but compelling, reason.

The dangers and difficulties of "too little" have been made painfully evident from our experiences during this current fiscal year. The cut of approximately \$75 million by Congress for this year's special assistance left the President in the serious position of having only \$5 million of unprogramed special assistance funds for emergencies after March 1. That is the condition we are in this year.

Since that date, as we are all aware, the crisis in Lebanon and the grave situations confronting Tunisia and Morocco arising from the cessation of French assistance, have resulted in critical problems for the free world.

Mr. President, I do not believe it is necessary to add anything further in order to make clear the serious need to authorize in full for fiscal 1959, the \$212 million requested for special assistance and the \$200 million requested for the Contingency Fund.

The story of this year's tragic lack of funds should constitute as eloquent a plea as is necessary.

Last year, the Congress made several positive changes in the structure of the mutual security program. One of the welcomed results was the recognition of the necessity for greater flexibility to meet the challenges which will constantly confront us as the leader of the free nations.

For fiscal year 1959 we are presented with the opportunity to make it possible for the President to meet this challenge. We need only to recognize our responsibility and authorize an adequate amount of funds.

I wish to digress here for a moment to emphasize that we are asking for the authorization. Should an emergency arise, the President could call for a special session of Congress and request an additional appropriation. We are authorizing funds now, and we can appropriate additional money at a later date if a crisis arises, and funds normally appropriated prove insufficient.

Mr. President, one of the most perceptive statements which I have ever read in connection with meeting national challenges was uttered in 1897, by a man who was destined to become one of our greatest Presidents, Theodore Roosevelt. He remarked:

If in the future we have war, it will almost certainly come because of some action or lack of action, on our part in the way of refusing to accept responsibilities at the proper time, or failing to prepare for war when war does not threaten.

Let us not shirk our responsibilities today. Let us not be persuaded to evade them by criticisms, in many cases unfounded and irresponsible, which seek to magnify and distort the relatively minor things in an effort to divert our attention from the real accomplishments of the program.

CRITICISMS OF THE PROGRAM

There have been some criticisms of the program, and I wish to discuss several of them. It is, of course, impossible to operate a program of the magnitude of the mutual security program without mistakes. There have been mistakes in the past and there will be mistakes in the future. I certainly do not object to honest criticism of the program. Last year the Senate Special Committee To Study the Foreign Aid Program—which included practically all the members of the Committee on Foreign Relations—made an intensive examination of the program in an effort to clarify its structure and correct the faults discovered through 10 years of trial and error. We have tried, since the beginning of the program, 10 years ago, to learn from the mistakes we have made, and have endeavored to correct them. Many eminent groups and individuals participated in this study. Changes that have resulted have promoted greater efficiency and effectiveness.

I, nevertheless, am frank to say, Mr. President, that the mutual security program has been and continues to be subjected to an abuse it does not deserve. Mistakes have been magnified, distorted, and repeated. Malicious attacks have been made by some who have put their prejudices ahead of the interests of the Nation and have thereby created unjustifiable opposition to the program.

The Committee on Foreign Affairs of the House of Representatives has rendered a distinguished service by attempting to draw from all sources the criticisms that have been leveled at the program. They found some 96 specific criticisms and asked that the International Cooperation Administration comment on those criticisms. Here are the results:

In six instances, there was a recognized problem which had not been fully solved.

In another six instances, an error was uncovered which had been corrected.

In 29 instances, the allegation involved a question of judgment, not a question of fact.

In 24 instances, ICA found the facts had been distorted.

In 20 instances, the allegations were based on an error in fact.

In 8 instances, allegations did not even relate to the mutual security program; and in 3 instances the allegations were apparently fictitious.

Let us examine, for example, the charge that has been made and repeated to the effect that United States bulldozer operators in Cambodia receive \$20.25 an hour with all living expenses paid and no income tax. The fact is that these operators received between \$3 and \$3.25 an hour for a 40-hour week, with overtime at the rate of 1½ times the hourly rate. In addition, these United States employees in a foreign land receive food, laundry, and quarters in camps without charge, but nothing else. They pay income taxes, as we do, unless overseas for more than 18 months, as is the law for all American citizens. Such a criticism based on incorrect information does not warrant reducing

assistance to a nation like Cambodia, whose fall to communism would endanger all of southeast Asia. We all know that Cambodia is a part of the whole Indochina picture and, with Laos and Vietnam, constitutes old Indochina.

Finally, some criticisms have been found to be complete fiction—such as the statement that we have assisted in the erection of frozen-juice plants in Italy, where few homes have refrigerators, and that we have furnished iceboxes to Eskimos.

There are doubtless instances where projects have not represented the best utilization of our resources, but the vast majority of charges of waste are without foundation.

Certainly there have been occasions when the mutual security tool has been clumsily used. But, as the report of the Committee on Foreign Relations says, a carpenter does not throw away a hammer simply because he may from time to time miss the nail and hit his thumb. Neither does he trade it in for a smaller hammer. If he did so, his mistakes would hurt less, but it would also take longer to drive the nail—and it might not be possible to drive the nail at all.

ARE WE BUYING GRATITUDE?

Mr. President, many persons have raised the question, Are we trying to buy gratitude from the world? Time after time I have heard the assertion that mutual-security funds cannot be used to buy friends. I agree with that proposition 100 percent. The American taxpayers cannot be expected to pay out hard-earned dollars on any such theory.

The so-called foreign-aid programs are not enacted for the purpose of buying friends or gratitude. The funds authorized are for the purpose of promoting mutual security among the free nations of the world. There is not one word in the statement of policy of the Mutual Security Act which mentions gratitude as a proper purpose for these expenditures.

In essence, this is the statement of policy that guides these programs:

The Congress of the United States, recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under domination peoples now free and independent, * * * declares it to be the policy of the United States * * * to make available to free nations and peoples * * * assistance of such nature and in such amounts as the United States deems advisable, compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

These programs are carried on because, since World War II, every President, every Secretary of State, every Secretary of Defense, and every member of the Joint Chiefs of Staff has been willing to state to Congress and to the American people that these expenditures are justified because they promote the peace of the world and the security of the United States.

Certainly it is the right of every American to disagree with every other American, but I suggest, Mr. President, that the burden of proof rests with those who would deny that the Mutual Security Act serves the interest of the United States, and most particularly the long-run interest of the United States.

RECENT ANTI-AMERICAN DEMONSTRATIONS

Naturally, we have all been disturbed by recent evidence of anti-Americanism in Lebanon, Latin America, and Algeria. I feel sure there are some who will argue that such activities show a lack of gratitude for United States assistance and that therefore the mutual security program should be curtailed. But I ask, Mr. President, if the going gets tough, does that mean Americans should give up?

We can expect lots of tough going in the future. Indeed, the more progress we make in shoring up the concept of freedom, the greater efforts we can expect from the enemies of freedom. The United States did not react to Pearl Harbor with a defeatist attitude. We will not react to Soviet moves in the cold war by retreat. We must not respond to the Soviet challenge by cutting foreign aid but, if anything, by increasing the assistance we are providing.

The events in the areas I have referred to have been extremely distressing to all of us. They demand of us a searching examination of our policies. They do not, however, demand that we cut off mutual security assistance in spiteful vengeance for the disclosure that we are not as loved as we would like to be or as we pictured ourselves as being.

Minorities will at times give vent to their feelings, and we may not like it. In saying this I do not mean to belittle the seriousness of the events, but I want us to keep our fundamental goal in mind—that of assuring the continued freedom from Soviet domination of the now free nations of the world.

I know that the Committee on Foreign Relations has very much in mind the need to examine the impact of our policies in many parts of the world. Already it has authorized its Subcommittee on American Republic Affairs to examine our relationships with our neighbors to the south to the end that we may pull together in opposition to threats from outside the hemisphere. It is possible that this examination may be broadened to encompass a review of our policies elsewhere.

CONCLUSION

Mr. President, these days are days when American policy is being criticized abroad, our high officials attacked, and our buildings burned. These are days that test our mettle and our maturity. It is tempting to want to turn our backs on this troubled world. This very temptation, however, increases the importance of adhering firmly to our purpose of preserving and strengthening our security and the security of the free world. There is nothing that the Soviet Union would like better now than to see us falter in our course, to stop or to curtail our mutual-security program, and to leave a vacuum for the Communists to fill, which they would do with alacrity.

Since the inception of this program, no country protected by it has been the victim of overt Communist aggression. No large-scale conflicts between the Communists and the free nations have broken out. Deterrence has been exceedingly effective, and this is one of the major purposes of the program.

In a world beset by a great ideological ferment, the free nations, and those struggling to become free, need weapons with which to deter the outbreak of aggression and to combat those age-old enemies of constructive development, namely, poverty, ignorance, and disease.

One of the greatest vehicles for assuring that such needs will be met is the mutual-security program. From the ports of America and other free nations flow the arms which enable our allies to unite in the effort to deter overt Communist aggression and to maintain freedom. From our farms, mines, and factories come the commodities which provide the essential wherewithal to the underdeveloped nations in their efforts to rise from the stagnation which has been their lot for so many centuries. From our research centers, universities, professional groups, and cadres of experienced businessmen and administrators come the skilled technicians to help the other two billion to master the complexities of economic development.

Mr. President, I have attempted to show that for more than a decade the mutual-security program has constituted a primary vehicle for the unification of the free nations, under the guidance of God, and a bulwark against the insidious penetration of the materialistic, atheistic ideology of totalitarian communism. America can rightfully be proud that its human understanding and material assistance have strengthened the arms of free men and given hope to the legions of the underprivileged. The confirmation and preservation of freedom has been its primary purpose. Against this rock, calumnies and charges have been hurled in vain.

Mr. President, this is no time for the Nation to falter in its leadership. Now, perhaps more than ever before, the fate of mankind rests with the United States. If we hold firm, I predict that history will writ, as William Thackeray wrote of George Washington during the Revolutionary War:

Through all the doubt and darkness, the danger and long tempest of war, it was only the American leader's indomitable soul that remained entirely steady.

May we all support our great President today in his untiring dedication to the cause of a true, sincere, and lasting world peace.

Dr. MANSFIELD. Mr. President, will the Senator from New Jersey yield to me?

The PRESIDING OFFICER (Mr. ALLOTT in the chair). Does the Senator from New Jersey yield to the Senator from Montana?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. MANSFIELD. Mr. President, I wish to commend the distinguished senior Senator from New Jersey, who once again has demonstrated his devotion to his country, and once again has

been the good and faithful servant he has always been. The administration has had no more devoted follower and no better spokesman than the senior Senator from New Jersey.

I noted that at the beginning of his remarks today he stated—with a feeling of sadness, I am sure—that this might be the last time he would take the lead in this body in presenting his party's side of the foreign-aid program. Let me say to the Senator from New Jersey that it is with a feeling of sadness that I note that is to come to pass in view of the fact that, because of his expressed, voluntary wish, he will not return to this body next year.

Mr. President it has been a pleasure and a privilege to be associated with so distinguished a statesman. I, too, regret that he is to leave the Senate. However, I know he has carefully considered the matter, and that he and Mrs. Smith have arrived at that decision only after carefully weighing the entire situation.

I know I bespeak the sentiments of all Senators on this side of the aisle when I say we shall miss the distinguished senior Senator from New Jersey, and we hope that as time passes he will always honor us with his advice, his counsel, and his wisdom.

Certainly the Senate will be the poorer, in the years to come, when he is not a Member of this body.

Mr. SMITH of New Jersey. I thank the distinguished Senator from Montana for his kind remarks.

Mr. CASE of New Jersey. Mr. President, will my colleague yield to me?

Mr. SMITH of New Jersey. I am glad to yield to my colleague.

Mr. CASE of New Jersey. Mr. President, I desire to join the Senator from Montana [Mr. MANSFIELD] in commending my beloved and distinguished senior colleague [Mr. SMITH of New Jersey] for his immediate contribution to the deliberations of this body in connection with a matter which is most important to the security of the country and to the security of the entire free world.

It is not necessary for me to elaborate upon that particular matter at this time, except to say that the address which has just been delivered by my senior colleague is in the best of his honorable tradition in this particular field. It is another evidence not only of his support of this essential program, but also of his stalwart and staunch support of America's bipartisan foreign policy, with the development and maintenance of which he has had so much to do.

With very great truth it can be said that in the last decade and more, during which he has been a most distinguished Member of this body, much of the success which has come to the efforts of this country, under both Democratic administrations and Republican administrations, to steer a course of security and safety, and, recently, of peace for the United States and for the rest of the free world, has been due to his efforts.

Of course, I need not say—although I must, very briefly, in expressing my personal feeling—how much it has meant to me, as a younger man, to have had the affection, the friendship, and the counsel of the senior Senator from New

Jersey, not only in connection with matters relating to his great specialty, namely, the field of foreign affairs, but also in regard to all other matters which relate to our mutual service in the Senate. My life here would have been much less pleasant if it had not been for him.

That I shall miss him, goes without saying—as all of us will.

I, too, with the Senator from Montana [Mr. MANSFIELD], express the confident hope that the senior Senator from New Jersey will return here often; and that his service to his country, although in other fields, will continue to be as great and as rewarding to him as it has been to all of us, in the years of his rich and fruitful service in the Senate.

Mr. SMITH of New Jersey. I thank my distinguished colleague for his generous remarks. He well knows that our warm association has formed some of my most cherished moments, and my esteem for him is deep and full.

Mr. POTTER. Mr. President, will the Senator from New Jersey yield to me?

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Does the Senator from New Jersey yield to the Senator from Michigan?

Mr. SMITH of New Jersey. I yield.

Mr. POTTER. Mr. President, I wish to join the junior Senator from New Jersey [Mr. CASE] and the Senator from Montana [Mr. MANSFIELD] in commending the distinguished senior Senator from New Jersey [Mr. SMITH] for the statement he has made today. It is typical of the outstanding statesmanship he has always demonstrated in the Senate.

I wish to express by personal regret that that statesmanship will not continue in the Senate after the expiration of his present term. The Senate will be the loser as the result of the decision of the senior Senator from New Jersey to retire from the Senate.

But I know he is conscious of the fact that all the Members of this body wish him well in the years ahead, hold him in the highest admiration and regard, and wish for him and Mrs. Smith the very best of everything.

Mr. SMITH of New Jersey. I thank the distinguished Senator from Michigan.

Mr. ALLOTT. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. Mr. President, I yield to my distinguished colleague, the Senator from Colorado, who, in part, represents the great State which I hold in such high regard that I often refer to myself as its third Senator.

Mr. ALLOTT. Mr. President, I wish to join the Senator from Montana [Mr. MANSFIELD], the junior Senator from New Jersey [Mr. CASE], and the senior Senator from Michigan [Mr. POTTER] in their remarks about our very good friend, the senior Senator from New Jersey [Mr. SMITH].

When I came to the Senate, except for my own senior colleague, Senator Eugene Millikin, I presume I knew Senator SMITH of New Jersey as well as I knew any other Member of the Senate.

It was the result, I am sure, of a very interesting evening we spent together in Colorado that led him to ask that I be

assigned with him to the Committee on Labor and Public Welfare—a committee where the work is never easy, but is most difficult and most controversial. In that work the senior Senator from New Jersey has taken a very active part, and he has shown great leadership in the formulation of legislation beneficial to the country.

I would be remiss if I did not express to the one who often calls himself the third Senator from Colorado—and we are proud to have him say that, because he spent some of his early life in our great State—and to his wife, Helen, the deep appreciation of both my wife and myself for all he has done—for both the big things and the little things—in being helpful to us, and particularly to me in beginning the life and work of a Member of the Senate. I hope he knows that he has been of real assistance to us; and we are very grateful.

In whatever course the path of the future may lead him—and I am confident it will not lead to an inactive life, because I know him too well to believe that he would ever be inactive—all of us in the Senate wish him godspeed and the best of fortune. We know he will pursue whatever he undertakes with the same vigor and idealism with which he has pursued his work as a Member of the Senate.

Mr. SMITH of New Jersey. I thank the distinguished Senator from Colorado. I recall many happy times with him. I thank him very much, indeed.

Mr. CURTIS. Mr. President, will the distinguished Senator from New Jersey yield to me?

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. SMITH of New Jersey. I am glad to yield to my colleague.

Mr. CURTIS. Mr. President, the distinguished senior Senator from New Jersey will be greatly missed in the Senate.

I desire to commend him for his never-failing courtesy and for his loyalty and his devotion to public duty.

I desire to join all my colleagues in extending to Senator SMITH and Mrs. Smith every good wish for a wonderful future.

Mr. SMITH of New Jersey. I thank the distinguished Senator from Nebraska.

Mr. POTTER obtained the floor.

Mr. COOPER. Mr. President, will the Senator from Michigan yield to me?

Mr. POTTER. I yield.

Mr. COOPER. Mr. President, I am sure that before this session of the Senate ends, we shall have another opportunity to speak of the affection and esteem in which we hold the senior Senator from New Jersey [Mr. SMITH].

However, I cannot forgo this opportunity to speak of my own high regard for him.

I have had the privilege of serving under his leadership as chairman and now the ranking minority member of the Senate Committee on Labor and Public Welfare. Anyone who has served on that committee knows how difficult are

the problems which confront it in the fields of education, of health and public welfare, and particularly in the controversial field of labor-management legislation.

All of us who have served with him have recognized his leadership, his fairness, and his determination to have fair legislation enacted for all the people of the country in these important fields.

All of us who have been in the Senate for any length of time know of his deep interest in international relations. As a member of the Foreign Relations Committee—which tends the security and peace of our country—and I am sure it would have been the same if he had not been a member of the committee—he has brought to the tremendously difficult international problems of our time profound knowledge and a rare quality of statesmanship.

Many Members of this body—and I assume particularly those on this side of the aisle—when they first came to the Senate, knowing very few Members, and with no experience in a body such as the Senate, found in the Senator from New Jersey, one who gave sympathy and understanding and counsel. I know that was my experience when I came to the Senate. I knew no one except one Member of this body, the late Senator Taft. Senator SMITH as a new friend gave me encouragement, counsel, and help. He has done that in all the time I have been here.

As I have said, all of us can speak of his fairness, and of his statesmanship, his patriotism and of his great legislative record as a Member of this body. But shall always remember him, beyond those great qualities, for his humor, his kindness, and the deep and abiding faith he has in our country and in its future.

We shall remember also his great integrity and his deep religious faith, which has animated his thinking and his action.

I speak not only as a colleague, but as a friend, when I say that his friendship has meant a great deal in my life and that it has given me inspiration.

Finally, I wish to say, and I know that he would be the first to agree, that Mrs. Smith, a noble and devoted woman, has helped him to make his great contribution to the Senate and the Nation.

We shall miss them, but we look forward to seeing them again and again.

Mr. SMITH of New Jersey. I thank my distinguished friend from Kentucky. He has led a sort of peripatetic existence in the Senate. I remember the first time he appeared here. Then, under circumstances which obtain in politics, he did not appear. Then he appeared; and then he did not appear. Finally he appeared again. It has been a great joy to me to have had JOHN among us. I cannot refrain from thanking him for what he has said. The feelings which have been expressed by all my friends have meant much to me. I thank them all.

Mr. NEUBERGER. Mr. President, before the distinguished Senator from New Jersey leaves the Chamber, I should like to pay tribute to the leadership which he has shown in the Senate in the field of foreign policy generally, and on the

question of mutual security and foreign aid particularly.

I am a comparative newcomer to the Senate. In the time I have been here, I believe I have supported very consistently the views on foreign policy which the distinguished Senator from New Jersey has espoused and advocated so ably. I continue to be impressed by the sincerity and the clarity of his views.

I wish for him and to Mrs. Smith all possible health, success, and good fortune in the years ahead.

Mr. SMITH of New Jersey. I thank the Senator from Oregon sincerely for his kind remarks.

ORDER DISPENSING WITH CALL OF THE CALENDAR ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the calendar on Monday, under the rule, be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION TO RECEIVE MESSAGES AND TO SIGN BILLS AND JOINT RESOLUTIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, notwithstanding the adjournment of the Senate until Monday next, authority be given to the Secretary to receive messages from the House of Representatives, and to the Vice President or the President pro tempore to sign bills or joint resolutions duly passed by the two Houses and found to be truly enrolled.

The PRESIDING OFFICER. Without objection, it is so ordered.

MERGER OF UNITED PRESS ASSOCIATIONS AND INTERNATIONAL NEWS SERVICE

Mr. POTTER. Mr. President, because of the recent merger of United Press Associations with International News Service, a group of International News Service staff members have been given severance notices.

I do not know the precise number of those released throughout the worldwide International News Service news-gathering network. I understand, however, that about 25 persons, formerly in the Washington bureau, are now without jobs.

I shall not comment at this time on what seems to be a disturbing national trend toward consolidation of news media. Newspapers and press associations are businesses, of course, and to stay alive must operate at a profit. While we may disagree from time to time with editorial positions of a given newspaper not a single one of us would wish to choke off its freedom to express its views. Limiting the number of channels of expression must in the long run limit the variety of viewpoints to which the American people are entitled.

Be that as it may, I wish to comment on the 25 persons who have been severed as a result of this recent development. Most of them are personally well known

to members of this body as highly skilled, conscientious professionals.

I earnestly recommend that the United States Information Service arrange to give these fine people special consideration.

The United States Information Service has the task of presenting to the world the story of our Nation and of our people. This responsibility demands the highest professional qualifications available.

Any one of us present today could point to unfortunate incidents in the past, or perhaps to international misunderstandings, traceable to an individual within an information organization who simply did not measure up to the required standards.

On the whole the United States Information Service is staffed by able and dedicated people. There is now an opportunity for that agency to avail itself of an elite corps of men and women. Their years of valuable experience in writing, reporting, and interpreting news, could be utilized to the great advantage of our Nation. This might provide a further means of enhancing the picture the world holds of the United States.

I urge that the agency take steps to investigate the matter, and to utilize this valuable reservoir of communications skills.

Mr. President—
The PRESIDING OFFICER. The Senator from Michigan.

CHALLENGES FOR SCIENCE STUDENTS

Mr. POTTER. Mr. President, the education of scientists and engineers is now one of our foremost concerns.

On May 9, the National Science Fair was held at Flint, Mich. It provided an opportunity for young people to develop their own intellectual abilities. The exhibits at this Science Fair showed what our younger generation have been able to accomplish by themselves with little outside help or stimulus.

Dr. Lawrence R. Hafstad, vice president in charge of the research staff of the General Motors Corp. and one of America's foremost scientists made a significant address to the high school finalists and winners.

Dr. Hafstad told his youthful audience:

It is a curious thing but science seems at once to be the most democratic and the most aristocratic of activities. Any graduate student can challenge an Einstein. In this sense science is democratic. On the other hand, most of us must recognize that an Einstein, a Von Neumann, or a Teller are blessed with endowments with which we cannot compete.

Thus there is simultaneously a scientific aristocracy. In science we have learned to accept the facts inherent in equality of opportunity with inequality of achievement. There might be lessons to be learned from this in certain nonscientific fields.

We can all derive additional hope from other statements in this significant address. In discussing the cultural exchange program inaugurated with Russia, which has enabled United States

scientists to interact effectively with Russian scientists, he said:

In the above I have touched upon the way in which science becomes involved in your individual problems and in national problems. This is not the time nor place to try to discuss at length the role of science in international affairs, but I would like to close on an optimistic note—and that is, that as part of the recently approved cultural exchange program with Russia, we are beginning to interact effectively with Russian scientists. This I believe to be a most hopeful development. Science, remember, is by definition "An organized body of verifiable knowledge." Science is dedicated to truth. To be successful, and they have proved that they are successful, Russian scientists must be dedicated to the same cause. Science thus gives us an enormous area of common ground within which we can begin to allay suspicions and to develop understanding.

Mr. President, Michigan is fortunate that so many of its great industries are supporting programs of fundamental scientific research. There have been established vast technical centers dedicated to the advancement of truth and knowledge.

I found Dr. Hafstad's remarks challenging and encouraging. I ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

CHALLENGES FOR SCIENCE STUDENTS (By L. R. Hafstad)

It happens that in spite of my present activities in industrial research, much of my past career has been in the academic field. As an incidental byproduct of this situation I found myself eligible for insurance under the term of the TIAA, or Teachers Insurance and Annuity Association. Like nearly everyone else in the teaching profession, I have accordingly been making my regular premium payments to this organization. But here is an interesting and, I think, significant fact. Equally regularly I have been receiving from the insurance company small dividend checks. These, as I understand it, are due to the fact that people in and associated with the teaching field seem on the average to insist on living longer than would be expected on the basis of the standard mortality tables. One might account for this in various ways but as for me, I am convinced that no small part of this effect is due to the feeling of satisfaction and confidence of dealing with successive classes of bright and eager young people, each class better than the one before. It is difficult for anyone associated with good students to be anything but optimistic, and this, I believe, is basic both to the deep personal satisfactions in a teaching career and to the incidental longevity I mentioned above.

With these thoughts in mind, it is a special privilege for me to meet with this group of Science Fair finalists and award winners. I certainly wish to add by congratulations to the many you have received, but there is something more which should be said. I cannot help but feel a strong upsurge of confidence in the future of our country and of our particular kind of society when it can produce like this. Still more significantly, this group of real achievements was produced in a period when many of us are convinced that in some places the inroads of a retrograde "progressive education" movement has placed an undue handicap on our best student potential. If we can do this at a low point in our educational proc-

ess, what unlimited horizons there must be when our educational process is again restored to its normal standards. Beyond that, what might the achievements be when our educational processes are really tuned to the needs of an era symbolized by our imminent conquest of space. To me the future is positively exciting in its opportunities. There is so much that needs doing, yet until recently there was so little appreciation of the role of science and technology in our modern life. Your generation is the first during which the general public is beginning to give some sign of understanding.

It is impossible to outline the countless challenges in specific science and engineering fields, the challenges you must accept. Casually we now discuss space travel, for instance. This implies the need for exotic fuels, which pack more potential power into less space, or new materials, which maintain strength and durability at fantastically high temperatures.

Returning to earth for a moment, great challenges lie here also. We are all aware of the tremendous advances currently being made in medicine. One of the most dramatic things I have seen on television, for example, was the array of hospital beds in a polio hospital emptied by the development of the Salk vaccine. But these very advances produce their own problems, too. Thanks to these advances the world population growth is reaching proportions which are beginning to strain our natural resources. What natural resources, what power and materials, are locked in the oceans? We can visualize the time when the earth's mineral stockpile begins to dwindle. Will we be ready with synthetic replacements?

As we rely more and more on technology to support our civilization, we can anticipate a tremendous upswing in the power curve—the need for more energy sources to operate our plants, factories and production processes. To supply this rising demand, can we tap the sun? This is another area of challenge.

For you the big question in your minds is, no doubt, "Where do we as individuals go from here?" Those of us active in the research field are continually asked by young students, "What school shall I go to? What field shall I specialize in?" etc. These sound like fair questions, but frankly they are not—and here is the reason. Most of you have had your science teachers explain the importance of having your science problems well formulated. Your questions should really be rephrased to answer the additional question—"In order to do what?" Thus rephrased, the questions become much easier for us as advisors to answer, but my guess is the questions properly phrased are correspondingly harder for you to ask. It is for this reason that we are inclined to advise you to be deliberate in the process of choosing your field of specialization. A broad exposure to the vast panorama of scientific activities in college may develop talents and tastes which are unsuspected now. The essential thing is to have the background which will permit you to specialize in any one of many fields, or even to shift fields as exciting new developments occur. This is the reason your advisors keep stressing the importance of the basic sciences, mathematics, physics, and chemistry.

I like to describe the field of science by considering it as a growing tree. In this analogy we can think of the basic sciences—mathematics, physics, chemistry, biology, etc.—as the roots of the tree, with research in these fields being represented by the root tips digging ever deeper into the soil. Similarly, the branches of the tree may then represent the various applied sciences—me-

That is why we at Bell & Howell have been taking major steps to strengthen our position in the market: by producing better values, and doing it fast. We think this is a very good time to do so.

We are grateful that, for 12 years, we have ridden the crest of an expanding wave of prosperity, with unprecedented sales based on the highest standard of living any people have ever achieved.

As a photographic manufacturer, we've been part of a growing industry. Because we worked hard, and our products were good, our company grew even faster than industry in general, and ours in particular. But essentially, we have all reaped the benefit of an extremely fair and sunny economic climate, in the postwar decade.

Now, we want to do our full part in helping bring back to America the economic climate of continued growth and development. In this we are under no illusion that any one company, of itself, can reverse a trend. But we are confident that if business—enough businesses—move decisively into positive and forward-looking action, the growth of our economy will soon resume its upward movement.

In taking the following steps, we recognized we were inevitably taking some risks. But after all, risk taking is a function of business management. If we, as American businessmen, don't have the fundamental courage of our convictions about our economic system of risks and profits, who will have the courage and convictions necessary to preserve our way of life?

We cannot believe in profits, without believing in risks.

So, at Bell & Howell, we've taken the risks. And we feel they are, in every way, justified by our objectives of maintaining or increasing employment, sales, and earnings. Here's what we did.

Last year, when the dip in general business activity became apparent, we were faced with a basic decision which can be stated simply, although it took a good deal of determination to see it through. Our long-range planning of new and improved products is done on a 60-month basis; subject, of course, to continuous review. We had three possible choices.

First, we could stick to our carefully laid plans for new product development, plans made in a period of expanding markets.

Second, we could slow up our time table in order to wait and see what happens. If we did that, we would of course, slow up our growth and perhaps our increase in market position.

But there was still another choice.

We could gear ourselves for a maximum effort. We could speed up the development and manufacture of these new products; bring them into the market much earlier than originally planned; step up our selling impact on the consumer and trade; reduce selling prices where we could—and so, get the full benefit of these new and better consumer values, when we need them most to maintain our sales and profits.

We decided on the third course of action: to move and move fast. We decided not to drift downward with the general business recession if we could help it.

We therefore undertook a twofold program, which I can summarize for you in two short sentences:

1. We decided to maintain and in some instances increase those expenditures which create new sales and build for the future.

2. We undertook to further reduce and eliminate costs which add very little to the value of our products or future progress.

As for specific, positive actions:

We had a number of new Bell & Howell products in research and engineering at various stages of design. Many were not scheduled for production until the end of 1958 or early 1959.

With the enthusiastic cooperation of our engineering group, this calendar of schedules was moved ahead so that all 9 new products (1 of these a complete product line) could be introduced in March, this year, instead of next year.

Here, for example, is a new movie projector: the first 8-millimeter model which threads the film automatically. It was originally scheduled for the fall of 1958. As a result of our speedup, it was introduced in March and will contribute to our sales throughout the balance of the year.

In terms of dollars, product development is a creative expense. Our 1958 expenditures for research and development will be higher than those of 1957, our previously highest year. For we feel that to cut our expenses here would affect our sales for the next 5 years.

We did more, however, than introduce new products.

We also decided, as a sales stimulant, to reduce substantially the price of one of our fastest selling lines: the 8-millimeter electric eye movie camera.

The first such camera was introduced by us as recently as July 1957; at a retail price of \$169.95, with just 1 lens.

In March of this year, we brought out 4 new models of the 8-millimeter electric-eye camera, ranging in price from \$99.95 to \$159.95.

This was a reduction in price of about 33½ percent across the board. Yet the new line has a number of improved features; and the top model of the line now has a 3-lens turret. It is now priced \$10 below the single-lens 1957 electric-eye camera—and the price includes all 3 lenses.

At these lower prices, we knew we would have to sell one-third more cameras to reduce our manufacturing costs to the point where we could show a satisfactory profit—on a line that had been a major factor in 1957 sales and earnings.

These lower prices also meant we would have to commit ourselves to manufacturing the additional cameras well ahead of time; to be ready for the increase in 1958 sales we hoped would result from stepped-up advertising, publicity, and the new low prices.

And this decision to step-up our volume called for an expansion of our manufacturing facilities, in order to be able to produce the additional cameras, as well as the eight other new products rescheduled for March of this year.

Again we had to move—and move rapidly. We leased 120,000 additional square feet of space in a nearby plant—incidentally, on a more favorable long-term lease than could have been secured a year before. Moving our warehouse, shipping and other departments to this new space, gave us an equivalent area of added manufacturing space in our main plant.

But we didn't stop there. New machines to automate all possible manufacturing operations also come within the category of creative spending. With these, our spending for capital equipment will represent a 67 percent increase in 1958 over 1957.

Then, we faced the problem of selling our additional product to dealers and the public. We increased our spending here, too: tripling our advertising and promotion expenditures in the second quarter of 1958.

Again, we found it a very good time to be buying in the open market, for we purchased valuable network-television time on four shows at less than its original cost.

Our increased advertising was preceded by an intensive product-publicity campaign, with articles and interviews on the new products in newspapers, magazines, radio and television stations across the country, starting with the introduction date of March 19.

An intensified selling program includes contests as added incentives to sales to and by retail dealers.

During April, May and June dealer salesmen were invited to join our "Partners in Profits" contest by filling in a postcard telling, in 25 words or less, the features they emphasized for each sale of a Bell & Howell product. Prizes for the contest are shares of Bell & Howell stock—a total of 450 shares. Each dealer salesman can double his winnings by correctly answering a telephone query on "features that sell," an added incentive for him to study the sales features of Bell & Howell products.

Our district sales managers receive points for each dealer salesman entering the contest, plus additional points for increased sales. The three top winners will earn a week's vacation—with all expenses for themselves and their wives—at an Arizona resort. A carefree week, I might add, since each man's territory will be covered by one of his bosses while he's vacationing.

The top winner will relax in the knowledge that our vice president of marketing is calling on his toughest and best accounts, following an itinerary laid out by the district manager himself. The next two winners will have the director of sales and the regional sales manager covering their territories, while they bask in the sun in Arizona.

While this promises to be the roughest week of the year for his boss, it will be the reward of achievement for each of the three top district managers—a reward each of our field men is determined to win.

To encourage dealers to tie in with our sales-creating national advertising, additional contests offer cameras to both newspaper and television-station representatives for the most imaginative dealer tie-ins in window displays and local advertising. This means that newspaper and television-station salesmen will be calling on our dealers to develop tie-ins at the local level.

Our traveling sales-training program will further step up sales with intensive how-to-do-it training sessions for dealer salesmen in 17 key cities during the month of May.

Our Retailers' Advisory Council, elected each year by fellow dealers in their geographic areas, has provided a particularly valuable check upon our marketing policies and programs this year.

But what did we do to reduce costs?

In order to minimize the risks of our expanded manufacturing and sales activities, all divisions of the company joined in an intensive cost-reduction program.

At a meeting of our entire executive group, all supervisors, from foremen on up—were given the facts—our plans, what we expected to achieve and the risk involved. Then each man was asked to participate creatively in our program to fight the recession—by reducing costs and increasing productivity in his own operation.

The meeting was followed by a letter mailed to each of our 4,000 employees at his home, a letter in which I outlined the program and asked the participation of each member of our organization.

As we have so often found in the past, Bell & Howell people responded with enthusiasm—and with action.

In purchasing, for example, our buyers sought the help of suppliers in reducing prices. They found that when they talked about increasing orders and standardizing parts, they were welcomed with open arms. Substantial cost reductions were achieved—and in all of them we insisted that quality be maintained or even increased.

Throughout our engineering and manufacturing divisions, men threw away preconceived ideas of what could and could not be done, working together to meet deadlines in the accelerated new product development program. Design engineers and production engineers worked closely together so that

necessary changes were made in the design stage, eliminating costly and time-consuming changes in pilot production and final production.

Throughout the company executives of every division worked longer and harder, putting in time and a half without overtime—adopting a 60-hour week to make sure that the 40-hour week in the plant could be maintained.

As an added incentive to our overall program, management salary increases are being granted in 1958 on a contingent basis, to be paid retroactively at year end only if employment stability is maintained and sales and earnings are satisfactory.

Are you wondering how these moves have paid off?

I can report to you that our accelerated program has resulted in encouraging gains to date, with sales, earnings and employment up in the first quarter of 1958. Comparing the first quarter this year with the first quarter of 1957, we show a 21½ percent gain in sales, a 23 percent gain in net earnings, and a 4½ percent gain in total employment.

Sales in April continued high.

As for the year as a whole—who can say?

But one thing I've promised our employees, our management, and our shareholders—we'll not retreat without putting up a very hard fight. As has been aptly said, often the difference between victory and defeat is whether a foot soldier in the ranks shouts, "We'll lose," or "We got 'em."

In summary, then, here are the six specific steps we took at Bell & Howell to strengthen our own position rather than allow ourselves to drift into a recession psychology.

1. We accelerated the introduction of new and improved products, in order to capitalize on their profitmaking potentials.
2. We reduced prices, where we could, to offer consumers a real reason for buying now and to insure our own sales volume.
3. We improved our manufacturing facilities to reduce our production costs.
4. We stepped up our selling effort, through increased advertising and merchandising activities.
5. We reduced all costs, throughout the company, which did not contribute to the value of our products, and the future of our business.
6. We created new management and employee incentives to help make 1958 a good year.

What we have done, many other companies can do and have done, each in its own way. And this is a very good time to do it.

In closing, may I say a word or two about industry public relations in a time of business contraction. With the means of communications available today, we could conceivably talk ourselves further into a depression by spreading fear and uncertainty. Fear and uncertainty are more contagious than the Asiatic flu—and can do a lot more harm.

When your company has good news in any of its divisions, it is well worth taking the trouble to tell it as widely and as effectively as you can. This means making it available to editors in well-documented form; backed by facts, figures and specific comments they can use.

In our plans, our actions, our relations with the public, it is a time to "let our light so shine before men that they may see our good works."

The most significant characteristic of the American businessman is his willingness to exchange ideas. In times such as these we need to do more talking together—not about how serious things are or could become—but about what we are going to do to accelerate our progress in the direction of the promising future we know is ahead.

We have the opportunity and the obligation of proving, once again, that the American system of free enterprise—American businessmen doing things the American way—is the best, the soundest and, in terms of human well-being, the most successful way of life in the world.

ORDER OF BUSINESS

Mr. ALLOTT. Mr. President—
The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLOTT. Mr. President, a short time ago the Senator from South Carolina [Mr. JOHNSTON] requested that he be recognized. I would be most happy to yield to the Senator from South Carolina if I am able to obtain unanimous consent that I be recognized at the conclusion of the remarks of the Senator from South Carolina. I make that unanimous consent request, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado? The Chair hears none, and it is so ordered. The Senator from South Carolina is recognized.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, it is supreme irony that the periodic assault on the United States Treasury, in the name of foreign aid, comes at a time when unemployment plagues the land and thousands upon thousands of American families are compelled to go on public relief, many of them because of foreign competition at home resulting from our foreign aid abroad.

Despite the rosy outlook of official administration predictions that things are getting better and better, economic signposts fail to reveal the heralded improvement.

Retail sales, usually a very sensitive barometer of economic trends, saw April totals fall below those of last year. The reports from the Nation's leading retail establishments failed to record any improvement in April, and also failed to show any pickup for May. The Federal Reserve Board reports that department store sales across the Nation in the first week of May were down 8 percent from 1957; and the rainy weather could not be blamed for all of the decrease.

The climb in personal savings has been halted, according to Norman Strunk, president of the United States Savings & Loan League. The continued cost of living increase, which mounts month by month, obviously is making inroads into savings. Higher prices are taking their toll.

By now, with returns from the country at large generally in, it is established that the You-Auto-Buy-Now campaign has run out of gas and, by and large, was a dud. Dealers sold 362,000 cars in April, or a drop of about 29 percent from April 1957. Production on the automobile front remains down when compared with the corresponding weeks last year.

Salary cuts for executives continue to be the order of the day. White collar workers are also hit by wage reductions; factory employment in the United States fell off 271,000 in April and the number of jobless for 15 weeks or more reached the highest point since 1941, a total of 1,900,000.

Mr. President, these are just a few highlights to show the economic climate of the United States at this time. In the Congress there are pending numerous bills to better our national economic situation. They are confirmation of the continuing slump. If the slump is not likely to continue, why pass such temporary legislation?

It is not a pleasant task to stand here and cite the economic facts I have just presented. It affords me no pleasure to find our beloved land in such economic distress. It is a disturbing and saddening thought to realize that today so many American families find themselves in a tough spot. It is high time to concentrate on putting our own national house in order, repair the economic damage to the United States, and bring to our own free people the full measure of economic security and well-being that our free enterprise system affords.

This business of Uncle Sam playing Atlas has taken its toll. For too long a time now, the United States has been giving of its substance in global handouts. We have been so prodigal with our means that we have greatly weakened the economic system from whence poured this great abundance.

And what has this great giveaway program brought us?

On balance, our foreign aid program has created mischief and mistrust in the world, produced a reliance upon "purchased" friends that ultimately could prove to be a terrible weakness in times of military emergency. It has caused us to be scorned as suckers, in some instances strengthened our ideological enemies, and thus indirectly given aid and assistance to the Communists.

I warn the people of this Nation that should any crisis arise between the United States and any other nation, the other nation will look out for itself, and not for the United States, regardless of how much relief we give it.

As to the results on the domestic front, we can say that the fiscal and tax burdens occasioned to support this global giveaway have had an inhibiting effect on American business, caused venture capital to go into hiding, cut the purchasing power of the consumer by tax deductions at the source, and generally have helped put the American economic machine out of whack. Foreign aid is the main monkey wrench in America's economic machinery. These are the results of foreign aid, 13 years and \$70 billions later. Bear in mind that for every cent we have given we have gone into debt. We are paying interest on that debt, and will be paying interest 100 years from now, judging from what is happening today.

One has only to read the headlines to realize how we missed the boat in South America. Our globalists have been so

busy shoveling out aid to Europe and Asia that we seriously neglected our American neighbors to the south. We have only to witness the results of the Nixon tour for confirmation of this shortsightedness.

How would any of us feel if he were a South American and the United States had shoveled out billions of dollars to other nations across the sea and had given nothing to his nation?

True, the anti-Nixon demonstrations probably were sparked by Communists: This is in line with red tactics. Yet there was plainly in this protest a noticeable coolness on the part of South Americans to the United States. The Vice President himself acknowledged this. The whole situation rather gave expression to the feeling of resentment of those people to the neglect accorded them by our Government.

I have long contended, and the record will bear me out, that our country should have been more attentive, more interested in and more zealous of the well-being of South America instead of throwing our billions to the winds on other continents.

The people of South America have been and basically are, our neighbors and friends, our natural allies. They have demonstrated their loyalty and friendship in the past. They have, in solemn pacts, pledged their word and sacred honor to defense pacts for the American continent. In times of emergency, they have joined arms with us in defense of freedom. It is a matter of enlightened self-interest that we encourage and assist them to the fullest economic development; instead, we have treated them shabbily, to our detriment, as our one worlders have ridden off in all directions except southward in their ill-advised crusade.

I intend to offer an amendment to the bill which will provide that one-third of the money in the foreign-aid program shall be used in South America.

We need to reaffirm the Monroe Doctrine in a modern way.

The skies are black with chickens coming home to roost. We once had an excellent policy for South America—Franklin D. Roosevelt's good neighbor policy. It gave recognition to the fact that our interests had a large element of mutuality. It recognized the common background of our values and civilization—the Roosevelt good neighbor policy was based in the knowledge that South America was dependent largely upon a raw materials, resources economy, and that it would be mutually advantageous to the United States to assist our neighbors south of the border in the constructive development of their economy.

Another thing, with the principal military threat to the United States being posed over the Arctic Circle it is vital that our back be protected and to this end it is all important that we have the best possible relations with South America. The daily press bears witness to this concept of American defense and it is significant that the effort is presently being made to arrive at some arrangement of aerial inspection over the Arc-

tic theater to insure against surprise attack by any power. While guarding against attack from the north, we must not be surprised from the South American continent, nor stand by and let our Latin American friends be surprised.

The neglect of the Roosevelt good neighbor policy by the Eisenhower administration is paying dark dividends. And the sad part of it all is, the attention that was diverted from South America and showered upon the rest of the world along with our billions of dollars, have brought us only a harvest of weeds. The foreign-aid program we began with lofty ideals and open pocketbooks—the \$70 billions scattered to the winds to friend and foe alike—finds its present renewal in the form of a \$3.9 billion request to be spent, according to its authors, with no strings attached.

Mr. President, think of it, \$3.9 billions for another giveaway of hard-earned American tax money; \$3.9 billions for free-wheeling distribution, and this at a time when more than 5 million Americans are out of work. Is it any wonder we are the object of ridicule in so many capitals of the world?

One wonders when we are ever going to learn our lesson. It is a terrible reality to see our economy struggling to maintain stability, our unemployment unabated, our unemployed in want of more unemployment compensation, prices at a record peak, taxes unbearably high, and the administration fighting a needed tax cut while some still cry out for more foreign aid. At the same time the administration states that we will incur another deficit this year.

This is the same administration that is reluctant to favor a needed public works program to meet the growing requirements of an America of some 170 million people; that has opposed a competent extension of unemployment compensation pay, that has set its teeth against an advisable tax cut, an administration that largely confines its aid to the American businessman, to soothing-sirup predictions. This administration is not just going through the motions on this foreign-aid bill but is really shooting the works.

By what strange motivation does an administration that daily reads of mounting business failures in America, of the increasing distress of small business, of plant layoffs and factory closings, and hundreds of factories running 3 days a week instead of 5—by what strange reasoning does the administration choose to blink at such dire happenings on the American scene and concentrate its efforts in urging the vigorous continuation of giveaway programs, which bolster foreign agricultural and industrial production which is in direct competition with our industry, our workers, and our farmers? God save us from ourselves.

As I travel through my State I find cotton mills running only 3 days a week because the money which the United States gives away in the name of foreign aid is used in competition with the industrial workers of South Carolina and the other industrial areas of the United States. Labor in my State, in the cotton

mills, receives from \$1 to \$1.35 an hour. In Japan labor receives from 12 to 16 cents an hour. That is the competition we must meet when we start to sell our goods in the market place. That is because of the giveaway programs our Government is undertaking. When we go out into the world markets we find that cotton sells at 8 cents a pound cheaper than we can make it in the United States.

Not only does the Eisenhower administration go all out for the adoption of the foreign-aid program, but it enlists the services of high-powered outside help to stage Hollywood-type premiere shows to gaff up the deal and presumably overawe the American public. Unless I miss my guess, it is going to take more than movie razzle-dazzle and spectacles to persuade the American head of a family who is out of work that it is more advisable to finance woofle chasing in Nepal than to invest American public funds in reviving the American economy, with jobs at the end for every available worker.

Mr. President, I wonder if our policymakers have forgotten the moral of the fable, *Killing the Goose That Laid the Golden Eggs*. The pursuit of the giveaway policy will do just that: It will produce an impossible-to-support tax and fiscal burden so that the American economy will not recover full strength for many a day, thus compounding the evil of undermining the best economic hope of the world and rendering the American giant helpless at a time when he needs full strength to cope with a formidable Communist enemy.

The plain fact is that unemployment-ridden America cannot support giveaways. Americans must be working full workweeks, not part-time weeks, if they are to be able to finance the military commitments which our Government has underwritten. The best possible thing we can do for the freedom-loving people of the world is to get America back on the level of prosperity and economic stability. In this way we can fulfill the tasks necessary to survival in freedom. We are threatened with ultimate socialism if we do not turn away from this endless sap-draining program which has become a parasite on our free economy.

Year after year it is necessary for Congress to raise the debt limit. What does that mean? It means that year after year we are going deeper and deeper into debt. More and more taxpayers will have to pay interest on the debt in the future. In every instance, this is because of the money we have given away and propose to continue to give away to other nations.

Mr. President, the Richmond Times-Dispatch of Sunday, May 11, published a feature story entitled "Nepalese Critical of American Aid." It was an Associated Press dispatch sent from Katmandu, Nepal. I take the liberty of reading the first three paragraphs from the dispatch, which is dated May 10:

The United States foreign-aid program has become a political football in this mountain kingdom 11,000 miles from Washington.

Some Nepalese politicians have little good to say for a program that already has pumped more than \$10 million into the Illinois-size

realm and this year will spend \$10 million more.

The most extreme critic, former Prime Minister K. I. Singh, contends the aid program is actually hurting America's prestige here.

It is going to take more than Hollywood-style shows to put over the foreign-aid promotion this time. The American public is aware that it is being fed a constant stream of slogans from this slicker group, representing special interests—slogans, but not facts. Hoopla and the iron fist are being used to try to stifle criticism of foreign aid this year. But it will not work because the cry of the American people for economic justice at home is too insistent and because this year John Q. Public will not be "bamboozled."

Mr. President, I have opposed foreign aid consistently, year after year. I am proud of my record in that respect.

May I inquire, who is there to speak for and try to represent the seemingly forgotten American taxpayer? I, for one, feel that as I am here in the United States Senate as a duly elected representative of the people of South Carolina, it is my solemn obligation in fulfilling the trust of this office to speak for the people I represent. I would be more than derelict in my duty if I did not voice my strongest protest to the continued and apparently endless draining of our hard-earned dollars out of the pockets of our own citizens and scattering them over the face of the earth. When, oh when, will we be given an opportunity to keep some of our tax money at home and try to set our own house in order?

Mr. President, before we pour out additional billions and billions of the taxpayers' dollars for foreign aid, I should like to have the question submitted to the people for a vote. I have no doubt what the answer would be, if we gave the voters of the Nation the right to vote upon this matter.

We are being coerced through fear, fear, and more fear. We are being browbeaten with the scare phrases and clever slogans again and again. We are told that continued aid is necessary because the alternative is that all the recipient nations would become communistic without such financial assistance. The doom prophets cannot substantiate with facts their predictions that all is lost unless we continue foreign aid.

Mr. President, all a country needs to do to get aid from the United States is to threaten to join with Soviet Russia. If the country has been receiving aid from us, it will get more. If it has not been getting aid, it will then receive aid. That seems to be true in every instance.

The strain on the Soviet economy of building a war machine and meeting the needs of her own people is already beginning to tell. Khrushchev has plenty on his hands in endeavoring to meet the growing consumer demands of the Russian people. We may be assured that the flowery talk of Soviet-aid programs to other nations will largely evaporate in the air of broken pledges. We must not be intimidated into the policy that either we must get there first with the most giveaway or the Soviets will beat us to the punch. Russia will find plenty

to do in fulfilling the economic requirements of her own domain.

Mr. President, after 13 years and almost \$70 billion, do we have any more friends today throughout the world than we had at the end of the war? The answer is plainly "No." Since World War II, communism has gained a hundred million new converts yearly, while we have failed to inspire others with our ideas of freedom and liberty. Instead of trying to lead other nations by example, we have been trying to buy them.

In a great many instances when I have visited nations into which we were pouring our money, I have seen signs reading, "United States Get Out," or "Let Us Alone," or "Let Us Run Our Own Affairs." I have seen such signs painted on many buildings in foreign lands.

Can anyone deny that in many instances our dollars have subsidized socialism and communism and have created in certain areas more unrest than existed prior to the aid?

Are not we in certain instances actually working against the interests of American industry? After World War II, we gave Japan vast financial aid to repair her textile industry. South Carolinians were taxed to buy machinery for these reactivated mills. Today the same South Carolinians are losing money and jobs because of goods produced on those machines, and imported to this country in violation of voluntary quota controls set up by Japan. Bear in mind, too, Mr. President, that our Nation has refused to impose any quotas whatsoever, but has left it to Japan to determine just what quotas she would impose. Our neglected South American friends are, too, buying Japanese textile goods, instead of South Carolina-made textile goods.

Does anyone actually believe that Russia would pour out over \$70 billion in aid to other countries, even to her own satellites and friends? Of course, we know that any Soviet aid is advanced—or rather, held out as a promise—for one purpose, and one purpose only; namely, to help in the conversion to communism. Where is the dam Russia promised Egypt? It has not yet been built, and it will not be built.

It is proposed that \$98 million—I refer now to only millions of dollars, Mr. President, not to the billions of dollars to which we so often refer, these days—of our taxpayers' money be sent to Communist Poland. Mr. President, why should we send \$98 million of our taxpayers' money to Poland? Yet we propose to hand over that money to the Communist leaders of Poland. But what is happening in that country? Let us remember, too, that when we give money to these countries, we pour it in at the top, not at the bottom; we just hope a little of it will trickle down to the bottom.

According to recent newspaper accounts, freedom—even freedom as it is known in Communist Poland—is being curtailed constantly by Red directives. There has been a tightening of press censorship and of book publication; and, in general, there has been a stricter following of the Moscow edicts. The press

further reports that in the face of strong pressures, Polish contacts with the West are being maintained. But from reported events we must conclude that we are losing there, in spite of—or because of—our aid. Just now, Gomulka is telling the world that the Russians did right when they brutally crushed the Hungarians and pulverized Budapest. And our foreign aid helps keep Gomulka in power.

Yes, we have helped the Hungarian Communists keep the rebellious citizens in hand by our contributions to that country. What must the Hungarian patriot think of our aid to his Red masters?

As for the \$1 billion India is now seeking; it is interesting to note a recent poll result which was reported in our leading newspapers. The polltakers asked citizens of New Delhi the question, "Who is doing more to help the peace of the world, Russia or the West?" Fifty-four percent of those questioned were reported to have thought that Russia was doing more, and 18 percent thought the West was doing more, to help the peace of the world. We have no prior poll on this question for comparison, so it is pure conjecture on the part of the proponents of this aid for India to state that by continuing the sending of our dollars to India, we can increase the percentage of those who favor the West, over Russia. For that matter, who could dispute the argument, based on this poll, that our aid had lost us friends in India? Personally, I consider these percentages more indicative of the feelings in that country toward the United States, with or without aid.

It would be incorrect for me to say that in the past our foreign aid has not helped in certain areas and has not reflected some credit upon the United States. I, for one, do not believe it would be possible, even under the present administration, to pour out nearly \$70 billion and not gain something of value.

Mr. President, I contend that our dollar diplomacy can never, and should never, be a substitute for a policy of honesty and fair dealing in our relations with other nations. But we seem to have fallen into the habit of trying to resolve all our difficulties by appropriating more and more money. When we find that we are losing ground in one venture or another, our reasoning seems to have become, then the way for us to succeed is to hand out some more money.

In 1947, Mr. Henry Hazlitt, to whose articles I have often referred, wrote a very illuminating book entitled, "Will Dollars Save the World?" Mr. Hazlitt concluded, with facts and figures to support his contention, that dollars cannot save the world. One of his conclusions, in dealing with foreign aid, was, in part:

And it (the United States) can do more for world revival by making its own economy sound and strong and free than by trying to put temporary props under economies built on the treacherous foundations of totalitarian controls.

Mr. President, in my opinion, today our country would be much stronger at home, and would be in a better position as a

leader among nations, if we had heeded the conclusions Mr. Hazlitt gave us in 1947.

While we are urged to keep up and to expand our high foreign commitments, the very first line of defense in our own land—that is, our National Guard—is being weakened. The unit of our defense strength which is in each State, and is available for service in time of war or national or State emergency, is to be curtailed, so that our tax dollars can be kept flowing to our foreign friends, would-be friends, and foes in other lands.

We are told we must continue to help the Communist leader in Poland. But we are then told that here at home we must cut back on such vital projects as hospital construction and medical research.

We are admonished that our tax dollars must be poured overseas, to stimulate foreign crop production, while here in our land our own farmers—certainly the first line in our economic structure—see farm income dropping, farm production dropping, the cost of living rising higher and higher, and more and more American farmers walking helplessly on our city streets, looking for work.

In fact, Mr. President, during the last year 1,800,000 farmers left the farms in the United States, while the population was increasing by approximately 3 million.

I refuse to go back home and tell my farm friends, my friends in the textile industry, or, in fact, any taxpayer in South Carolina, that although their load is heavy, and no doubt will become heavier, it is absolutely necessary that we continue to use their tax dollars to support foreign ideologies. Instead, I intend to go home and tell my friends that I will continue to vote against and to work vigorously against these foreign aid giveaways, because I believe to do so is in the best interest of our country. For the survival of America, I think that today nothing is needed more than an end to foreign aid.

President Eisenhower has recently vetoed the Flood Control Act of 1958, saying that many of the projects included in it are sound, but some others are not justified. In vetoing this bill, the President said: "I cannot overstate my opposition to this kind of waste of public funds."

The Flood Control Act, which the President calls waste, provides for American projects, designed to help our own citizens and our own country. Before we continue to build dams, dredge rivers, and promote irrigation and flood control projects all over the world, can we not take care of a few such items at home? What bigger pork-barrel legislation has there even been than this uncontrolled, no-strings-attached foreign aid?

My people would be extremely hard to convince that all, or even the majority, of President Eisenhower's mutual aid program is justified.

In vetoing the Flood Control Act, the President said:

It would authorize 4 projects * * * on which adequate reports have not yet been submitted * * * it is, therefore, not pos-

sible to determine whether their authorization would be in the public interest. * * *

Bear in mind that the bill the President vetoed carried hundreds of projects to be constructed throughout the United States, but only on four items was there not quite enough information. On the other hand, money is given to foreign countries without any strings attached whatsoever.

Relying upon information from the International Cooperation Administration, the United States taxpayer furnished the money to build a 100-mile stretch of highway in Thailand which was originally estimated to cost \$6½ million, but which has ballooned to the staggering sum of \$22 million, or more than three times as much as the original estimate; and, as reported by this agency, road construction began before the completion of engineering studies and cost estimates. I wonder if President Eisenhower looked at that before he spent that amount of money? I repeat: Road construction began before the completion of engineering studies and cost estimates. It was arranged that engineering would proceed concurrently with the construction. What can this be labeled but a clear example of improper planning and inadequate reports? But the administering agency says "This project is considered fundamentally sound in concept and execution." Yet, in our own United States of America much more necessary projects are termed waste. Apparently to this administration waste and poor planning are sound policies when on foreign soil at the expense of the American taxpayer, but only become wasteful and poorly planned when they are for Americans here in my homeland.

Mr. President, according to information from the International Cooperation Administration, the United States taxpayers have financed two dams in Afghanistan for irrigation and flood control purposes. I assume cotton and probably wheat will be grown there, in competition with our farmers.

We have financed the building of highways in Jordan. We have spent millions to provide water facilities in Lebanon. The news from Lebanon is anything but heartening. American libraries have been burned and sacked. Anti-Americanism has run high. Such are the returns of our foreign aid expenditures, and regrettably such reaction is all too typical. We have helped erect cotton mills and flour mills in Korea; and we have handed out American tax dollars to purchase and install automatic looms in many, many foreign textile mills.

I wonder how many of our citizens know that United States Treasury checks have been given to foreign governments for budget support? Our municipalities and States are struggling to meet current necessities—our national debt is going up and up—yet we are told that we are justified in taking tax money for budget support in some foreign country. How far are we to carry this sort of reckless thinking and spending? Until our country is completely broke and bankrupt?

It would take days to list all the examples of extravagance, waste, and misuse of foreign aid funds. Again and again Members of our Congress have spoken out against various aspects of the foreign giveaway program.

Many Senators who have visited foreign countries on their return to the Senate have reported on their visits time and time again. Well do I remember the report of the senior Senator from Louisiana [Mr. ELLENDER], who reported to the Senate, after traveling the world over, on the condition we are in because of our giveaway program and the enemies we have in foreign countries on account of it.

Mr. President, I contend that we must call a halt to the handouts, giveaways, and aid to foreign nations.

Have my colleagues asked themselves and the taxpayers these questions:

Do you want your tax dollars to continue to support foreign regimes which say they are opposed to communism, but whose ultimate goal is identical with communism, such as Poland, Hungary, and Yugoslavia?

Do you want our dollars handled by a group of internationalists whose first thoughts are for some foreign ideology, whose last thoughts—if ever—are of America's interests, and whose goals are to see how many foreign cars or foreign textile products they can send to our country while our own people go unemployed?

Do you want your America to play poker with foreign nations in which we put up the stakes and chronically lose everything because the rules are not our own rules and the results are decided against us in advance?

Mr. President, I sincerely believe the people of our great Nation will not be brainwashed into accepting foreign aid as necessary and in our own interest when actually the reverse is true. Our country is becoming bankrupt at home and losing friends abroad, largely because of this foreign-aid program. We are weakening our Nation, depriving our citizens of worthwhile projects; and for what? To follow the road to self-destruction, I fear.

What can we do? At the moment we can render our taxpayers and our Nation a great service by refusing to support this latest giveaway proposal. Next, we can begin to act like Americans again and heed the admonitions and advice of our first President in his Farewell Address.

Finally, we can, and must, turn the confusion and waste of a distrustful and moth-eaten foreign policy of dollars into a virile, stable, and lasting foreign policy constructed upon mutual protection and mutual trust. Without such a change we are doomed to bankruptcy and eventual scorn and hatred such as the world has not seen since the Roman Empire crumbled apart.

Well do I remember the first plea which came to the Senate. It was a plea that we permit England to borrow \$3,750 million. I spoke against it, telling the Senate at the time we would never get the money back and that we would never receive interest on it. As Senators know, we did not charge any interest for a long

time. The first time interest fell due, England came running to us, asking us not to require them to pay the interest. We with a big heart gave them that privilege. A bill passed the House and the Senate which extended the time permitted England for payment. At the same time England, from the standpoint of internal affairs, was in far better shape financially than the United States.

We let that go by. That was another giveaway. I am predicting that when we collect the first loan to England—that \$3,750 million—it will be a cold day in August.

Mr. ALLOTT and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLOTT. Mr. President, I will explain the situation to the Senator from Minnesota.

I yielded the floor some hour ago so that the Senator from South Carolina might deliver his address. At that time I asked unanimous consent that I be recognized at the termination of the Senator's address.

If the Senator from Minnesota desires to make some insertions in the RECORD at this time, I will be happy to yield to him. I have a rather short speech which should take 10 or 12 minutes.

Mr. HUMPHREY. I shall be happy to wait my turn. The Senator has been most courteous with other Senators. I do not want to impose upon the Senator's time.

Mr. ALLOTT. Mr. President, before proceeding with the remarks which I have prepared concerning a different matter, I should like to comment that I hope, during the next few days, to answer the remarks made by the Senator from South Carolina. The hour is late. I know not only the Senators but the staff members are anxious to avail themselves of the long weekend, so I shall not now pursue the matter.

It is perfectly obvious to me why we have not been more successful with our foreign-aid program and why few people understand it. It is inconceivable in this day and age that anyone could believe we could erect a wall around the United States—that we could do without tin from Malaya; that we could do without rubber from Africa, South America, and East India; and that we could do without other rare materials, including oil.

I find it a little hard to understand, since all the information is available, how such a position can be considered rational in this day and age. I find it hard to understand, particularly when I realize that the States of the area from which the Senator comes have lowered taxes and given tax preferences in order to bring textile industries to the Southern States while taking them away from other States.

I find it hard to understand when I know, as the Senator must know, that we export \$20 billion worth of goods every year, and import only \$13½ billion worth of goods. This export program brings employment to 5½ million people. I am speaking of 5½ million people. There is a recession. No one is unaware

of the recession. My own State perhaps happens to be more favored in this respect, and for that we are truly grateful. Five and a half million people would be thrown out of employment if our export trade should cease. That is no substantial amount of employment to be considered.

I cannot quite bring myself to understand how we can disregard the poor countries of the world which are trying desperately to gain for themselves the things we have had so long. I care not whether the color of the people is black, brown, or yellow. All one needs to do is talk with some of those people to find out how much they desire the things we have.

I think perhaps this is a good time to point out that during my service as a member of the Interparliamentary Union I have had occasion, and I have made the occasion, to talk with members of many of the still underprivileged countries, such as Vietnam, Laos, Cambodia, Thailand, the East Indies, the Sudan, Ghana, and many others. I am convinced that most of the people of those countries want essentially the things which we wanted bad enough to fight for and bad enough to cause us to stage a tea party in Boston Harbor.

First of all, those people want a full stomach, and with that the things which go with a full stomach—education, housing, and medical facilities.

The second thing those people want is the right for their countries to be recognized as nations among the family of nations.

The third thing those people want is the opportunity to achieve in their own way and in their form a kind of self-government which satisfies them. We have no right to dictate the form.

If the United States of America helps those people fulfill these three ambitions, it will violate no long cherished traditions or beliefs of its own. If we do so we will only build up our own cherished beliefs and ideals. This is the essential principle of American policy.

President Eisenhower talked about being sloganized to death. I suppose the opponents believe that if they yell "give-away" long enough they will slogan this policy to death. This foreign aid policy enables the backward, underdeveloped, underprivileged nations of the world to build themselves up, to be self-supporting, and resistant to communism. The opponents feel if they call out "give-away program" long enough they will be able to wreck the program. I think they will probably ruin the last chance of the United States to secure the cooperation of these great undetermined, uncommitted nations of the world.

Mr. President—

The PRESIDING OFFICER. The Senator from Colorado.

STABILIZATION OF THE MINING INDUSTRY

Mr. ALLOTT. Mr. President, on May 26, Monday of this week, the Senator from Montana [Mr. MURRAY] by request, introduced S. 3892. This is the administration bill to stabilize production of

copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines by providing for stabilization payments to producers of ores or concentrates of these commodities.

I send to the desk intended to be proposed by me amendments to S. 3892. I do so, Mr. President, in full awareness that my distinguished colleagues know that our miners are in trouble.

The PRESIDING OFFICER. The amendments will be received, printed, and appropriately referred; and, without objection, the amendments will be printed in the RECORD, together with the section-by-section analysis.

The amendments were referred to the Committee on Interior and Insular Affairs, as follows:

On the first page, between lines 2 and 3, insert "Title I."

On the first page, line 3, strike out "That this" and insert in lieu thereof "Sec. 1. This."

On page 7, line 21, strike out "act" and insert in lieu thereof "title."

At the end of the bill insert a new title as follows:

"TITLE II

"SEC. 21. There is appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1959, an amount equal to 70 percent of the gross receipts from duties imposed under paragraphs 391, 392, 393 and 394 of the Tariff Act of 1930, as amended, during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. Such sums shall be available until expended and shall be maintained in a separate fund that shall be used by the Secretary as provided in this title.

"SEC. 22. In addition to any payments under title I of this act, the Secretary shall make limited tonnage payments, upon presentation of evidence satisfactory to him of a sale of newly mined ores, or concentrates produced therefrom—

"(1) to producers of lead,

"(a) as long as the market price for common lead at New York, N. Y., as determined by the Secretary, is at or below 14½ cents per pound, at the rate of 1.6875 cents per pound on not to exceed 350 tons per quarter per producer; or

"(b) as long as the market price is above 14½ cents per pound but is below 17 cents per pound, at the rate provided in preceding clause (a) reduced by an amount equal to 75 percent of the amount by which such market price exceeds 14½ cents per pound, on not to exceed 350 tons per quarter per producer; and

"(c) no payment shall be made under the provisions of this section to producers of lead when such market price is equal to, or exceeds, 17 cents per pound; and

"(2) to producers of zinc,

"(a) as long as the market price for prime western zinc at East St. Louis, Ill., as determined by the Secretary, is at or below 12¾ cents per pound, at the rate of 0.9625 cents per pound on not to exceed 350 tons per quarter per producer; or

"(b) as long as such market price is above 12¾ cents per pound but is below 14½ cents per pound, at the rate provided in preceding clause (a) reduced by an amount equal to 55 percent of the amount by which such market price exceeds 12¾ cents per pound, on not to exceed 350 tons per quarter per producer; and

"(c) no payment shall be made under the provisions of this section to producers of zinc when such market price is equal to or exceeds 14½ cents per pound.

"SEC. 23. Out of funds made available for the purposes of this title and not expended

decision to retaliate will go to lower echelon officers. There will be no time for consultation with high government officials, and this will multiply the risks of warfare through mistake or accident.

The NPA report makes an observation about clean bombs which are so much in the news, since the Atomic Energy Commission insists it needs to continue testing to develop such bombs. We have been told that great advances have been made in this direction, and that our bombs are now 96 percent clean. The report says this:

"A 10-megaton weapon which derived 96 percent of its energy from fusion and 4 percent from fission—that is, a 96 percent clean bomb—would release the same amount of dirty fission fragments produced by 20 Nagasaki-size fission bombs."

That gives some idea of how clean these so-called clean bombs really are.

Just how our proposal for Arctic aerial inspection would give the United States full protection has been somewhat puzzling. It might work against bombers, but what about missiles? The latter can be fired from outside the inspection area, and even if properly identified, travel faster than the time it would take to intercept them. The NPA report observes that to "see an ICBM nose cone at the distance required to take effective counteraction has been said to be as 'difficult as seeing a golf ball with the conventional defense radar at a distance of several hundred miles.'"

Given proper identification and the time to react, there is the further problem of how to destroy the nuclear warhead so that it will do no damage below. This would have to be done, according to the NPA study, at a height of 50,000 feet. Antimissile missiles, on which the Atomic Energy Commission is also working hard, will have to be designed so they will not set off the nuclear warhead on contact.

When ICBM's become available in quantities, the NPA experts say it will then be possible for an aggressor to make saturation attacks with full likelihood that one or more missiles, which would be enough, will hit the target.

Such are some of the complications that make arms control in this nuclear age akin to chasing the pot of gold at the end of a rainbow. And the NPA study concludes that there is no reason to be optimistic that defense will keep up with offense in the decades ahead.

[From the Washington Post of May 12, 1958]

WITHOUT ARMS CONTROL

Any tendency to regard the arms control deadlock with the Soviet Union as hopeless needs to be measured against the sure knowledge that the longer some start is delayed the more difficult effective control becomes. That is the essential meaning of a new report by an expert committee of the National Planning Association, 1970 Without Arms Control. The report is probably the most intensive nonclassified examination of the problem yet published, and it is undeniably gloomy.

Projecting the development of weapons systems on both sides, the study notes the increasing protection problems with submarine-based missiles, "suitcase" bombs and toxicological warfare; with the spread of nuclear weapon capability to additional countries, making identification of the source of any attack far more doubtful; with the use of space for military purposes, particularly surveillance. The development of new weapons systems, barring some fundamental change in the strategy of deterrence, will necessitate huge numbers of new defensive weapons—and the danger to humanity will grow with the concept of automatic retaliation which may eliminate all discretion. Of interest in the clean weapon controversy, the report asserts that a 10-megaton weapon

96 percent clean would still produce 20 times the radioactive fallout of the atomic bomb dropped on Nagasaki.

Since the study is concerned with depicting the problem rather than with furnishing specific answers, it makes no very concrete recommendations except for the establishment of a scientific advisory committee in the United Nations to keep abreast of the expanding technical problems of arms control. This would be useful, although it seems apparent that direct negotiations between the Western nuclear powers and the Soviet Union offer the most immediate chance of a start. Especially significant in this connection is the study's observation that "a disarmament agreement can be worse than useless unless it provides for safeguards against violations and unless it effectively assures national security. Its purpose is to diminish, not increase risks. However, it would be grossly unrealistic for any nation to assume that no risks inhere in the present situation. [There are too many risks in the present situation to rely on a leisurely pursuit for perfection] in the vaguely distant future. Indeed, each year's delay sees further developments of military technology which, in turn, makes a fair and workable agreement harder to reach." (Matter in brackets ours.)

It is this compelling point of increasing difficulty that, in our judgment, makes so barren the all-or-nothing approach taken by Chairman Strauss of the Atomic Energy Commission and those who share his views. In his talk at the National Press Club on Thursday, Mr. Strauss really did very little more than expose his secrecy mania; despite the past boasts of publicity on American nuclear tests, precise times of approximately half the tests in the current Pacific series will not be disclosed because it might give too much information to the Russians. Meanwhile Mr. Strauss argues for continued testing to perfect more sophisticated weapons. There may be plausible reasons for this under some sort of limitation; but the undeniable fact is that both the continuation and the refusal to announce tests adds to the ultimate difficulty of control.

No one needs to emphasize that the Russians have been recalcitrant. But they have offered, in connection with their own suspension of nuclear tests, to accept some sort of inspection. It seems to us incredible foolishness for the administration not to take up this offer, in a realistic proposal of its own, as a means of getting inspection started. As the debate continues in the administration, the National Planning Association study of the consequences of doing nothing would make extremely pertinent reading.

AID TO INDIA

Mr. CLARK. Mr. President, on previous occasions I have taken the liberty of commending very strongly the position taken by the junior Senator from Massachusetts [Mr. KENNEDY] and the senior Senator from Kentucky [Mr. COOPER] with respect to aid to India. I am most happy to note that the position taken by these two fine Senators has been supported by the Foreign Relations Committee, and that adequate aid to India is now provided in the pending mutual security bill.

In order that my colleagues may have an opportunity to read a most helpful comment on this subject, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, a newspaper article entitled "Kennedy-Cooper Proposal for India Could Bring Democracy Key Victory"; and in that connection I point

out that the word "democracy," as used in the headline, is used in a nonpartisan sense. The article is a syndicated one which was prepared for the North American Newspaper Alliance.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KENNEDY-COOPER PROPOSAL FOR INDIA COULD BRING DEMOCRACY KEY VICTORY—REDS LURKING TO POUNCE IF INDUSTRIALIZATION PROVES FAILURE

(EDITOR'S NOTE.—The writer, professor of economic history at Massachusetts Institute of Technology and a staff member of the Center for International Studies, is an "expert's expert." He is a coauthor of *The Dynamics of Soviet Society*, *The Prospects for Communist China*, and *A Proposal: Key to an Effective Foreign Policy*. He is a Yale graduate and brother of Prof. Eugene V. Rostow, dean of the Yale Law School.)

(By W. W. Rostow)

CAMBRIDGE, MASS.—When they come to 1958, historians will have plenty to write about. This has been a year of missiles and earth satellites, of economic recession, of debate on how to reorganize the Pentagon. It has been a year when the market for big cars caved in, and when the Giants and Dodgers opened on the west coast. It will shortly become a year of noisy congressional elections.

Historians may judge, however, that the most important issue of 1958 was whether or not an amendment to the Mutual Security Act, proposed by Democratic Senators JOHN KENNEDY, of Massachusetts, and JOHN SHERMAN COOPER, of Kentucky, did or did not get through Congress.

This amendment concerns India. It does not require any additional appropriation of money this year. Nevertheless, the passage or failure of passage of this amendment will have important historical consequences. It will affect the outcome of the Indian second 5-year plan and with it, the fate of the democratic process in the world's largest democracy. It will affect the outcome of the ideological race between Communist China and democratic India, and the struggle between communism and democracy throughout Asia, the Middle East, and Africa. It will even strongly influence future relations between the United States, its western European allies, and Japan.

What have the Senators proposed? Why should it have any such grandiose significance?

INTERNATIONAL COOPERATION LOANS

The amendment is simple enough. It would be an expression of Congress that the industrialization of India under political democracy is in the interest of the United States; and that the executive branch of the Government should initiate negotiations looking to the long-term international support of the Indian effort.

Specifically, Senators KENNEDY and COOPER have suggested that a group of men of the stature of John McCloy (board chairman of the Chase Manhattan Bank) and Sir Oliver Franks (former British Ambassador in Washington) should go to India, sit down with responsible members of the Indian Government, and work out what would be required in the way of long-term loans for the success of the Indian industrialization effort.

On the basis of such information they would work out an arrangement in which Japan, the countries of Western Europe, Canada and the United States would share in providing the loans (and technical assistance) necessary to do the job. The American share in this international arrangement would come before Congress for approval next year.

This straightforward proposal is, nevertheless, packed with high drama, for both the Indian second 5-year plan and Indian democracy stand at a critical point.

PROGRESS MADE

Economically, much progress has been made. The first 5-year plan (1952-56) raised the Indian national income by nearly 18 percent, outstripping the rise in population and giving the Indian people a sense of hope and of forward momentum. This first phase of the Indian effort concentrated on raising food production. The second 5-year plan aims to take a decisive step toward the industrialization of India which, in the long pull, is necessary if the low standard of living is to be raised.

At the moment the second 5-year plan—now near the close of its second year—is in grave danger. It has already been cut back and may have to be cut back further. And this could have the most serious political effects.

The reason for this cutback lies in 1 unfavorable and 1 extremely hopeful circumstance.

In part the plan is imperiled by poor harvests which reduced supplies of food available in India and forced the increased import of grain to prevent starvation.

But the major cause of the Indian foreign-exchange crisis is a startling and exciting fact: To everyone's surprise, the private-enterprise sector of the Indian economy has moved ahead so fast that it used up in less than a year and a half the foreign exchange allotted to it for a 5-year period.

The Indian Government now has been forced to ration foreign exchange to private enterprise. It did this because India must import large amounts of equipment for railroads and electric powerplants and other items it needs to build the framework within which an industrial system can grow. The competition for foreign exchange is not between capitalist and socialist sectors of the Indian economy. It is between the essential overheads for an industrial society and its manufacturing sector: between railway engines and machine tools.

PACE SLOWED

In the face of this conflict the Indian Government has been forced to slow down the pace of industrialization at a moment of great promise.

Meanwhile, the Indian Communist Party has been building its case on the claim that neither democracy nor Indian association with the United States and the West is capable of seeing India through the transition from an impoverished agricultural society to a modern industrialized one. Already the loss of momentum and morale has permitted the Indian Communists two major successes, one in the state of Kerala, the other in Bombay.

To the North the Chinese Communists, forcing the pace of investment in their police state, are making great industrial progress. But this progress is attained at the cost of collectivizing the peasant—who makes up about three-quarters of the Chinese population—and at the cost of relative stagnation in agricultural output.

If the Indian second 5-year plan should fail and the Chinese Communists should achieve substantial success—even at the cost of great human suffering—a billion human beings in the underdeveloped areas of the free world, including the Indians, may well conclude that whatever its moral virtues, the technique of democracy and the diplomacy of association with the United States and the West are inappropriate for a country seeking to modernize its society.

On the other hand, if the well-balanced agricultural and industrial plan of India should succeed in the next 4 or 5 years, we will be able to confront the Communists in China and throughout the world with the

fact that secret police and forced labor and starvation are not the necessary conditions for the modernization of an underdeveloped society; and that the method of consent at home and of association with the free world abroad can do the job.

STAKES HIGH

If this can be demonstrated between now and, let us say, 1962, the last serious basis for the ideological appeal of communism will have ended; for while communism is largely discredited in the more developed parts of the world, many of the political leaders in Asia, the Middle East, and Africa believe, or half-believe, that only ruthless Communist methods can quickly bring about the changes necessary for a poor, stagnant country to achieve steady economic growth and progress.

Even more is at stake, however, in the Cooper-Kennedy amendment. Its passage could contribute to the reconstruction of the North Atlantic Alliance and to the improvement of American relations with Japan. In part the regeneration of the North Atlantic Alliance must take a military form and must reflect a tightening of the common effort in the face of the expanding Soviet ability to deliver nuclear weapons with missiles. In part, however, the association between the United States, Western Europe, and Japan must be based on the creation of an effective alternative to colonialism.

A new basis must be found for relating the richer parts of the free world to the aspiring peoples of Asia, the Middle East, and Africa. Such a new basis for association may include anticommunism; but it must also involve effective long-term aid in loans and technical assistance to those underdeveloped areas which seriously wish to develop their economy.

NEED CRITICAL, URGENT

India is clearly the place to start. Not only is India's need critical and urgent, but India represents 40 percent of the total problem; that is, some 400 million of the 1 billion human beings who live in underdeveloped areas of the free world live in India.

More than that, India's connection with the British Commonwealth and with the Colombo plan organization have already cleared the way for the kind of joint effort which is required.

Finally, the experience of setting up a co-operative international program in India could furnish a useful guide for a more general effort which might later embrace the rest of free Asia, the Middle East, and Africa.

In short, the enterprise proposed by Senators KENNEDY and COOPER gives the industrialized nations of the free world the chance to give an essential new dimension to the free world alliance, and to begin to define an alternative to colonialism around which the whole free world could rally.

In a year of congressional elections and of recession, at a time when the Nation is seeking also to get its military house in order in the face of a new, somewhat unexpected and lethal challenge, it would be understandable if the United States were to postpone taking the initiative in India, that Senators KENNEDY and COOPER propose. It would be understandable if we do this; but history is unforgiving.

The situation in India could disintegrate so fast that, by the time we next looked up, we could be confronted with a crisis where loans could not help much. This has happened before in recent times: In China, Egypt, Indonesia.

Both those who bear political responsibility in Washington and the American people as a whole, bear the heavy responsibility of moving now in relation to India and cutting down the risk that Communist purposes there—which hinge on the failure of the Indian industrialization program—confront us before long with a second China tragedy.

DISASTER LOANS TO SMALL BUSINESS CONCERNS INJURED BY CONDEMNATION PROCEEDINGS FOR FEDERALLY AIDED HIGHWAYS

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD the testimony I presented before the Small Business Subcommittee of the Senate Committee on Banking and Currency, when it was considering my bill (S. 3434) on amendment and extension of the Small Business Act.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR HUBERT H. HUMPHREY ON S. 3434 BEFORE THE SMALL BUSINESS SUBCOMMITTEE, BANKING AND CURRENCY COMMITTEE, UNITED STATES SENATE, MAY 23, 1958

Mr. Chairman, I wish to express my appreciation to you for being afforded this opportunity to testify on my bill, S. 3434, which is among the bills presently being considered by this subcommittee in its deliberations on the amendment and extension of the Small Business Act.

S. 3434 would amend the Small Business Act by providing disaster loans to small business concerns which suffer economic injury due to condemnation proceedings under federally aided highway construction programs.

The States Highway Commissioner of the State of Minnesota, L. P. Zimmerman, brought to my attention the fact that many small businesses have been forced to move due to condemnation proceedings in connection with federally aided highway construction programs, and as a result thereof many such businesses have suffered severe economic injury.

In view of the interstate highway construction program now underway, this is a problem which will be affecting more and more businesses in the years ahead. It has been estimated that as many as 50,000 businesses may be forced to move from their current sites in the next few years as a result of such construction.

It is, of course, true that when property is condemned the owner is entitled to just compensation. But it is a difficult question as to what just compensation is in a particular case—especially when it is business property. As pointed out in a recent newspaper article on this very subject:

"Sometimes this can be very tough indeed on the person whose property is taken, especially if it is a business property. For the courts rarely allow appraisers to take into consideration such items as loss of goodwill, costs of moving the business to a new location, or loss of profits occasioned by the move or the inability to start over again." (Condemnation Evolves as Hot Public Issue, by Phil Yaeger and John Stark, Washington Star, February 14, 1958.)

To the businessman who suffers a severe economic hardship as a result of being forced to move, it is just as great a catastrophe as destruction of his property due to floods or other natural disasters.

It seems to me that a businessman who suffers such an economic injury should be entitled to receive a disaster loan from the Small Business Administration just as he can under present law if he suffers an economic injury due to natural catastrophes such as floods or droughts. The injury suffered—not to natural causes or action of the Federal Government—is in either case beyond the businessman's control.

It should be emphasized that such disaster loans as are proposed in S. 3434 would only be given when the SBA determined that

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate debated mutual security authorization bill. House passed classified pay bill.

HOUSE

- SURPLUS FOODS. Passed as reported H. R. 12164, to permit the donation of surplus foods to nonprofit summer camps for children. pp. 8871-72
- LIVESTOCK. The Agriculture Committee reported without amendment H. R. 11330, to amend the Packers and Stockyards Act so as to permit marketing agencies to deduct from proceeds of livestock sales to finance research or sales-promotion programs (H. Rept. 1840). p. 8927
- PAY RAISE. Passed under suspension of the rules S. 734, to provide a pay increase for classified employees at an average of 10%. House conferees were appointed. Senate conferees have not yet been appointed. pp. 8872-85
- FORESTRY. The Agriculture Committee reported without amendment H. R. 11253, to authorize the Secretary of Agriculture to exchange certain lands and improvements of the Forest Service with the city of Redding, Calif. (H. Rept. 1846). p. 8928
- VIRGIN ISLANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 12226, to extend the charter of the Virgin Islands Corporation (H. Rept. 1841). pp. 8927-28

6. SURPLUS PROPERTY. Passed as reported S. 2224, to amend the procedures on advertised and negotiated disposals of surplus property. pp. 8870-71
7. TRADE AGREEMENTS. Rep. Bailey discussed extension of the trade agreements program and explained the "basic objectives of the so-called Simpson-Davis-Dorn-Bailey substitute - H. R. 12676 - which will be offered in place of the administration approved H. R. 12591, when the House considers the renewal of our trade agreements later this week." pp. 8925-27
8. ELECTRIFICATION; RECLAMATION. The "Daily Digest" states as follows: "Committee on Interior and Insular Affairs: Subcommittee on Irrigation and Reclamation rejected by a vote of 15-13 a motion to report S. 555, to construct Hells Canyon Dam on Snake River between Idaho and Oregon. A motion was then made to lay motion to reconsider S. 555 on the table, and this was adopted by voice vote." p. D487

SENATE

9. FOREIGN AID. Continued debate on H. R. 12181, the mutual security authorization bill. Sen. Proxmire discussed his amendments to reduce military assistance and defense support and transfer these appropriations to the Defense budget (p. 8844). Sens. Wiley, Smith, N. J., Talmadge, and Javits discussed the bill (pp. 8851-2, 8854-66).

Received from the Commission on Christian Social Action, Evangelical United Brethren Church, a resolution favoring an expanded nonmilitary program of mutual aid and programs for reciprocal foreign trade. p. 8843

10. STATEHOOD. Sen. Neuberger inserted a column "Alaska in the Senate -- Tying it to Hawaii Could Kill Statehood for Both." p. 8853

ITEMS IN APPENDIX

11. SMALL BUSINESS. Sen. Douglas inserted Geo. J. Burger's, vice president, Nat'l Federation of Independent Business, statement before the Joint Committee on the Economic Report. pp. A4979-80
Rep. Multer inserted a proposed 5-point plan to curb the recession and aid small business. p. A5022
12. FARM INCOME. Extension of remarks of Rep. Coad inserting an article, "Guard Against Too Much Optimism," and stating it points up the fact that "there may well be the urgency on the part of some of us to get optimistic for rather obvious reasons at a time when we should be gratefully cautious." pp. A4980-1
Rep. Johnson inserted an editorial, "Farm Price Squeeze Feeds Unemployment." p. A5001
13. COTTON. Sen. Talmadge inserted an editorial, "Cotton Doomed," opposing any reduction in cotton acreage allotments. p. A4981
Rep. Gathings inserted an article discussing the proposals for a cotton program and the chances of success in Congress. p. A4998
14. FARM PROGRAM. Sen. Talmadge inserted two editorials favoring his farm program of payment of the difference between the sales price and 100% of parity with no acreage or production controls. p. A4984
15. FOREIGN TRADE. Rep. Porter inserted a Commerce Department report, with tables, on the softwood plywood industry, to rebut contentions that imports of hardwood plywood were harming U. S. industry. pp. A4985-6



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Senate

Rev. Melville D. Nesbit, Jr., pastor, Clarendon Presbyterian Church, Arlington, Va., offered the following prayer:

O Thou Almighty God, who makest thyself known in the stillness, and who hearest the cry of every sincere heart, be present in our midst this day, opening to us the majesty of Thy person, convincing us of Thy will, guiding our minds and our hands to fulfill Thy purposes.

Make us to remember the vastness of Thy overarching power, the needs of our brethren worldwide, the high privilege and responsibility that are ours, as elected instruments of Thine and representatives of the people.

Bless, we pray Thee, each Senator, the State and constituency thus represented. Grant the guidance of Thy holy spirit to each one, that he may serve the cause and welfare of the whole people. In our deliberations, keep us from the petty, the vindictive, the sectional. Lead, even through us, this our native land. We ask it in Thy name, who rulest supreme over this life and the life to come. Amen.

THE JOURNAL

On request of Mr. GORE, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 29, 1958, was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. GORE. Mr. President, under the rule, there will be the usual morning hour for the introduction of bills and the transaction of other routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON WORKING CAPITAL FUNDS, DEPARTMENT OF DEFENSE

A letter from the Secretary of Defense, transmitting, pursuant to law, a report on

the working capital funds of that Department, dated June 30, 1957 (with an accompanying report); to the Committee on Armed Services.

EXTENSION OF PERIOD IN WHICH CERTAIN OFFICERS MUST BE RETIRED OR SEPARATED

A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to extend the period in which warrant officers who have twice failed of selection for promotion, must be retired or separated (with an accompanying paper); to the Committee on Armed Services.

AMENDMENT OF MOTOR VEHICLE SAFETY RESPONSIBILITY ACT OF DISTRICT OF COLUMBIA

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to amend the Motor Vehicle Safety Responsibility Act of the District of Columbia, approved May 25, 1954, and for other purposes (with accompanying paper); to the Committee on the District of Columbia.

REPORT ON ADMINISTRATION OF FOREIGN AGENTS REGISTRATION ACT OF 1938, AS AMENDED

A letter from the Attorney General, transmitting, pursuant to law, his report on the administration of the Foreign Agents Registration Act of 1938, as amended, for the calendar year 1957 (with accompanying report); to the Committee on the Judiciary.

REPORT OF NAVY CLUB OF THE UNITED STATES

A letter from the Secretary to National Shipwright, Navy Club of the United States of America, Rockford, Ill., transmitting, pursuant to law, a report of that club, dated April 30, 1958 (with accompanying report); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A concurrent resolution of the Legislature of the State of Mississippi; to the Committee on Interstate and Foreign Commerce:

"Senate Concurrent Resolution 148

"Concurrent resolution memorializing Congress to remove discriminatory regulations as they apply to transportation by railroads in order that this vital industry may maintain its place of usefulness to the Nation in times of peace and war

"Whereas employment by the railroads of this Nation has dropped to half of that experienced during the 1926-30 average to such an extent that it is estimated that as

many as 33 railroads might be plunged into bankruptcy in 1958 unless effective action is taken to remove restrictive governmental legislation and regulations which fail to recognize that railroads no longer enjoy a monopoly; and

"Whereas the railroads are uniquely adapted to the quick and relatively inexpensive shipment of heavy goods and materials and large numbers of personnel in times of emergency: Now, therefore, be it

"Resolved by the State senate (the house of representatives concurring therein), That we do hereby memorialize the Congress of the United States to enact legislation to remove discriminations against the railroad industry; to make it no longer necessary that they operate with heavy deficits threatening bankruptcy; and to save so important an industry whose jobs, whose earnings, and whose usefulness to the Nation manifestly are of equal necessity both in times of peace and war; be it further

"Resolved, That the secretary of state be directed to transmit a copy of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives of the Congress of the United States, and each member of the Mississippi delegation in the United States House of Representatives and the United States Senate and to the respective houses of the legislatures of the several States of the United States."

A letter in the nature of a petition from John Ford Baecher, of Chevy Chase, Md., submitting a proposed plan for tax relief, and so forth; to the Committee on Finance.

A resolution adopted by the Commission on Christian Social Action of the Evangelical United Brethren Church, favoring an expanded nonmilitary program of mutual aid and programs for reciprocal foreign trade; to the Committee on Foreign Relations.

Petitions signed by sundry citizens of the city of West Covina, Calif., and vicinity, relating to the Presidential veto of the omnibus rivers and harbors bill; to the Committee on Public Works.

A telegram in the nature of a petition from A. Grace King, postmaster at Asbury Park, N. J., expressing appreciation for the approval of the postal pay bill; ordered to lie on the table.

A letter in the nature of a memorial from the National Board of the Young Women's Christian Association of the United States, New York, N. Y., signed by Lilace Reid Barnes, president, remonstrating against the enactment of the bill (S. 2646) to limit the appellate jurisdiction of the Supreme Court in certain cases; ordered to lie on the table.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BIBLE (by request):

S. 3928. A bill to amend the act entitled "An act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'the Municipal Court for the District of Columbia,' to create 'the Municipal Court of Appeals for the District of Columbia,' and for other purposes," approved April 1, 1942, as amended; and

S. 3929. A bill to amend the District of Columbia Business Corporation Act; to the Committee on the District of Columbia.

By Mr. MURRAY:

S. J. Res. 178. Joint resolution authorizing the President of the United States of America to proclaim February 8-14, 1959, as National Children's Dental Health Week; to the Committee on the Judiciary.

REPEAL AND REDUCTION OF CERTAIN EXCISE TAXES—AMENDMENTS

Mr. HUMPHREY submitted amendments, intended to be proposed by him, to the bill (S. 3799) to repeal the manufacturers' excise taxes on automobiles and on parts and accessories, and to reduce the manufacturers' excise tax on trucks and buses to 5 percent, which were referred to the Committee on Finance, and ordered to be printed.

MUTUAL SECURITY ACT OF 1958—AMENDMENTS

Mr. PROXMIRE. Mr. President, I submit two amendments to the Mutual Security Act of 1958, and ask that they be printed and lie on the table, so I may call them up at the proper time.

The first amendment reduces the authorization for the appropriation for military assistance and defense support by \$339 million below the amount requested by the administration. It is \$104 million below the amount in the bill reported by the Senate Foreign Relations Committee. It is the same amount as the cut made by the House of Representatives, but my amendment concentrates the entire reduction in the military-assistance and defense-support aspects of the bill.

It has been established repeatedly that there has been wholesale waste in military foreign aid to Laos, Cambodia, Vietnam, Thailand, and elsewhere. The only way Congress can apply pressure to eliminate this waste is by a reduction in the overall appropriation. I think Congress has a clear obligation to the American taxpayer to stop this waste.

If adopted, my amendment would constitute a directive to the Senate conferees to work for reduction strictly in the military field.

In his individual views filed with the committee report on the Mutual Security Act, the senior Senator from Oregon [Mr. MORSE] points out that 78 percent of the money authorized in this bill is for the strengthening of military establishments. I agree with him that this

is far too much. As I have pointed out before on the floor of the Senate, today the principal challenge of the Soviet Union is an economic one; the masters of the Kremlin have seized upon trade and aid as weapons in the cold war, and they are plying them effectively.

The distinguished senior Senator from Oregon also emphasized that—

Sixteen percent of this year's foreign aid is in loan form for economic development, and 65 percent is in grant form for military establishments under this bill.

Like him, I should be glad to see these proportions reversed, with 75 percent in loans and 25 percent in grants, and with economic development emphasized over military assistance. I believe that money which has to be repaid will be not so likely to be squandered in waste and graft.

My second amendment would transfer military assistance and defense support from the foreign-aid budget to the defense budget.

The Department of Defense has the competence and experience to judge the relative importance of our various needs for military assistance and defense support. It is they who can best decide whether a dollar is spent better in equipping a soldier in a friendly foreign country or in outfitting one of our own. The principal responsibility for such determinations already rest with the Department; it is a responsibility which it cannot and does not want to avoid. My amendment would place that responsibility clearly where it belongs.

The major argument for military aid is that every dollar spent on it brings full value or more in defense. If this is true, control of it ought to be in the hands of military leaders, who are most competent to judge the defense merits of the program.

In the past the administration has requested that military assistance and defense support be separated from foreign aid, and has made clear that it would do so again if there were a chance of congressional approval.

Finally, this is the fairest and most honest way to present to the taxpayer the program of military assistance and defense support. If it is for defense of America—and it is—it ought to be stated that way, not as foreign aid, which it is not.

The report of the Committee on Foreign Relations says:

In each of these four countries (Korea, Taiwan, Greece, and Turkey), the military assistance program (coupled with defense support) enables far more strength to be generated than if the same number of dollars were spent on American forces. The Department of Defense calculates that it costs \$3,515 a year to maintain an American soldier (pay, allowances, subsistence, and clothing). Comparable figures for the countries mentioned above are Korea, \$302; Taiwan, \$147; Greece, \$424; and Turkey, \$240.

There it is, Mr. President, stated in terms of American defense, as it should be, in a way that the American people can understand. But it ought to be made crystal clear by taking it entirely out of the foreign-aid bill. The size and cost of foreign economic aid will then be

segregated, so such aid can be judged in its proper cost perspective by the American taxpayer.

The PRESIDENT pro tempore. The amendments will be received, printed, and will lie on the table.

Mr. PROXMIRE. Mr. President, on last Monday, May 26, I submitted three amendments, the purpose of which was to bar Yugoslavia, Saudi Arabia, and the Dominican Republic from any kind of aid under the Mutual Security Act of 1958. Today, I submit an additional amendment which prohibits the giving of any aid under the act to Cuba, as well.

I am submitting also 2 amendments which are intended simply as technical corrections to the 3 I submitted on May 26. One of these bars aid to Saudi Arabia; the second does the same for the Dominican Republic. Together, they make it possible for each of these amendments to stand independent of the others. Thus, a Member of the Senate may vote to deny aid to Yugoslavia, Saudi Arabia, the Dominican Republic, or Cuba, or to two or more of them, or to all of them.

Mr. President, I ask that these amendments be printed and that they lie on the table, so that I may call them up at the proper time.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. DOUGLAS:

Statement of George J. Burger, vice president, National Federation of Independent Business, before the Subcommittee on Fiscal Policy of the Joint Committee on the Economic Report, May 1, 1958.

By Mr. MARTIN of Pennsylvania:

Editorial entitled "The Sickly Draft," published in a recent edition of the Chicago Tribune.

By Mr. NEUBERGER:

Editorial entitled "Os West's Plaque," concerning former Governor West's accomplishments in Oregon published in the Medford (Oreg.) Mail-Tribune of May 25, 1958.

Article entitled "Conservation: Indiana Dunes Imperiled," written by John B. Oakes, and published in the Sunday New York Times of June 1, 1958.

By Mr. TALMADGE:

Editorial entitled "Cotton Doomed," published in the Augusta (Ga.) Chronicle of May 12, 1958.

Article and editorial on the Talmadge farm plan, published respectively, in the Gastonia (N. C.) Gazette of May 15, and the Seneca (S. C.) Journal-Tribune of May 21, 1958.

By Mr. PROXMIRE:

Editorial comments on the death of Cardinal Stritch.

Editorial entitled "Foreign Trade and Wisconsin," published in the Milwaukee Journal.

By Mr. MURRAY:

Article entitled "Idaho Plans for a Jubilee," written by Ed Christopherson, and published in the New York Times of June 1, 1958.

who is the pastor of the Marble Collegiate Church in New York City, and who is the author of such outstanding books as *The Power of Positive Thinking* and his most recent work, *Keep Alive All Your Life*.

In the *Washington Post and Times Herald* of Saturday, May 31, his column, under the heading of "Confident Living," pays a wonderful tribute to President Eisenhower and to the example of faith the President has set to all the American people. This tribute is entitled "Faith Helps Keep Ike's Chin Up." I ask unanimous consent that Dr. Peale's column be printed in the body of the *RECORD* at this point in my remarks.

There being no objection, the column was ordered to be printed in the *RECORD*, as follows:

CONFIDENT LIVING: FAITH HELPS KEEP IKE'S CHIN UP

(By Norman Vincent Peale)

The newspapers these past months have been filled with news that someone has called gloom and doom. To read some commentators and editorialists, you would think things have never been worse and are never going to get better.

I don't share these beliefs. The whole history of man is filled with periods that were truly dark ages, but things have never failed to get better. It is on the basis of this historical fact and an unflinching faith in divine providence, that I believe in our keeping our chin up. Keep your chin up and presently things will look up.

It is encouraging that this philosophy is shared by the President of the United States. Some time ago I had an opportunity to talk with the President about his philosophy of life, his faith and his attitudes toward difficulties. It was a most inspiring experience for me.

As we talked, I found myself forgetting that this man is the head of the greatest Nation in the world. Instead, I was completely absorbed by the personality of a humble human being who is, at the same time, one of the most dynamic and personally lovable individuals I have met.

I asked Mr. Eisenhower what secret enables him to carry such a heavy load of gigantic problems and still stay so vital and filled with enthusiasm. He told me that if he did not have such a deep faith in God the job of being President would long since have landed him in the insane asylum. (Later he said the same thing publicly.) He remarked that if I could see the problems that come over his desk in the course of a day, if I could see the gloomy fear-ridden people who came to him telling him everything is going to pieces, it would be obvious that he would have faith in God.

The President gives the impression of a man who really believes in prayer. His philosophy of living is daily to ask the Lord to guide him and help him do his best. Then he proceeds to do the best he knows how in whatever arises.

At the end of his day, he goes home and empties out his mind. For a little while he lays problems aside to find rest and renewal. Relaxation is needed to face the next day with confidence and strength. When he is ready to retire, he prays and puts his actions of that day into the hands of God and then goes to sleep.

Usually, Mr. Eisenhower sleeps—and sleeps well. He awakens early and of course there are a new day's problems awaiting for him. But, he told me, he asks God to help him with the one day. Rested and revitalized, he feels thrilled that he has that new day in which to tackle his many problems and deal with great events.

I came away from my meeting with the President with the impression of a thoroughly vital person who has a deep sense of excitement about life and who, at the same time, has mastered the technique for keeping the inflow of renewal greater than the outflow of energy. This vital spiritual method of meeting and mastering problems is what is meant by keeping your chin up.

The simple secret is this: Put your trust in God. Do your best. Then leave the results to God.

MUTUAL SECURITY ACT OF 1958

Mr. SMITH of New Jersey. Mr. President, as a member of the Foreign Relations Committee and one who has been active in the consideration of proposed mutual security legislation this year, I desire to pay a special tribute to the staff of the committee and the great assistance the staff has rendered to all of us who have been engaged in considering the Mutual Security Act of 1958, which is now the unfinished business before the Senate.

It is my earnest hope that every Member of the Senate, before voting on this important bill, will read in full the report of the committee, which was prepared by the staff, and which is dated May 26. This report, of course, was submitted by our distinguished chairman, the Senator from Rhode Island [Mr. GREEN].

The members of the staff attended all the hearings of the committee and all its executive sessions in the study of the House bill and in the development of the amendment in the nature of a substitute which is now before the Senate.

The report, which is 90 pages in length, contains in the appendix all of the changes in the existing law which are proposed. The report of the full committee, which is contained in the first 38 pages, is followed by the individual views of the Senator from Oregon [Mr. MORSE].

The committee's report is broken down to indicate the main purpose of the bill and what the bill actually does. The table of contents gives a careful breakdown of all the matters covered by the bill, and makes it possible for the reader to understand thoroughly the position of the committee and the action which was taken in each instance.

A study of this report, with the opening addresses and the debate which will occur on the floor, suggests the full support by our committee of the general conclusions arrived at by the special committee, which over a year ago made an overall study of the mutual security program and recommended changes in organization and procedures which are now reflected in this excellent report.

Let me call special attention to the table on page 3, under the title "Mutual Security Authorization, Fiscal Year 1959." This table shows in one column the administration authorization request broken down into topics; in another column the bill as passed by the House, broken down similarly and indicating the House cuts; and in a final column the Senate committee bill, which is now the pending business, likewise broken down

and showing the cuts proposed by the Senate committee.

It is interesting to note that the cut of \$235 million, which is the Senate committee recommendation, applies only to the two items of military assistance and defense support. The action of the Senate committee was in the form of a provision to the effect that the total of these two items may not in any event exceed \$2.4 billion. The effect, therefore, is to reduce by \$235 million the amounts requested by the President for these two items and to give the President the authority to decide how the cuts shall be divided between the two.

As we approach the full debate on this important bill, it has seemed to me wise to call attention to the excellence of this particular report, and again I urge my colleagues in the Senate to read the report carefully in full before taking the responsibility of voting on the measure, a measure which in the judgment of many of us is vital to the future security of the United States.

INDIA'S DEVELOPING ECONOMIC SYSTEM

Mr. SMITH of New Jersey. Mr. President, India's developing economic system has been given all kinds of descriptions, often because the designator has wished to create his own image of it, for his own ends, in the minds of his listeners. The resulting confusion and fuzziness about India here in America, has not made it easier to develop understanding about this great Asian democracy.

Prime Minister Nehru made an excellent contribution to clarity in several speeches which he delivered in New Delhi in May. He made it very plain that he desired to see every person in India have an equal opportunity to progress, and that he considered decentralized, cooperative organizations spread throughout the country to be a good means of assuring such progress. He was very much opposed to state socialism, "of that extreme kind in which the state is all powerful and governs practically all activities," that is, communism.

For all Americans who are sincerely interested in India's future as a member of the free nations, a clearer understanding of the pattern of its needs and goals is essential. Mr. Nehru has done a great deal to help assure such understanding by his remarks.

Mr. President, I ask unanimous consent that two articles describing Prime Minister Nehru's addresses, as published in the May 11 and May 16 issues of the *Washington Post and Times Herald*, be printed in the *RECORD* at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the *RECORD*, as follows:

MARXIAN THEORY NOT FOR INDIA, NEHRU DECLARES

NEW DELHI, INDIA, May 10.—Prime Minister Nehru told his Congress Party today not to confuse its goal of socialism with the stern controls of Marxism.

"Socialism does not mean chopping off heads or pockets," he said. "Most of Marx's

theories are not applicable to modern conditions."

Mr. Nehru spoke to the 600-member National Committee. The secretary general, Shriman Narayan filled in reporters on Mr. Nehru's remarks.

The Prime Minister also warned the party against "Western patterns of socialism where the state becomes a vast agglomeration of power."

"I desire for India, a large measure of decentralization." Mr. Nehru said, "where industries should be organized as far as possible on cooperative principles. I do not like the idea of the state controlling everything."

NEHRU SAYS UNITED STATES UPSETS MARX THEORY

NEW DELHI, INDIA, May 15.—Prime Minister Jawaharlal Nehru said in a speech made public today that United States prosperity had exploded many of the predictions of Karl Marx, the father of communism.

Nehru's speech, made before a recent meeting of his Congress Party, was published in the official party organ, Economic Review.

Nehru said Marx was a famous man and many things were accomplished through his theories, "but many things explained by him do not exist today and many of his predictions have proved to be incorrect."

"Marx did not envisage the tremendously prosperous America," Nehru said.

"Capitalism has shown amazing strength to adapt itself to circumstances. Scandinavia is a semi-Socialist state but fundamentally a capitalist state with a higher standard of life."

Nehru said the concept of socialism is changing, even in the western world.

"Therefore, we in India should be wide awake," he said.

He explained his concept of socialism.

"The basis of socialism is greater wealth," he said. "There cannot be any socialism of poverty. Therefore, the process of equalization has to be phased."

He said it was dangerous for governments to nationalize private industries without being prepared to work them properly.

"My idea of socialism is that every individual in the state should have equal opportunity for progress," he said.

He said he did not care for the idea of the state controlling everything "because I attach value to individual freedom. I do not want a state of socialism of that extreme kind in which the state is all powerful and governs practically all activities."

COMMENDATION OF SECRET SERVICE AGENTS

Mr. KEFAUVER. Mr. President, with the full details of the recent unpleasantness experienced by the Vice President and his wife in Venezuela now available from all informed sources, it becomes clear that our country owes a considerable debt of gratitude to the Secret Service agents acting as security officers for the vice presidential party. Their highly commendable presence of mind, their calm courage in the face of mounting danger, their unhesitating and vigorous actions but with admirable restraint, unquestionably prevented what could well have become a serious international affair. Their outstanding conduct not only reflected great credit on the United States Secret Service as a government organization, but also on our Nation as a whole, because it served as a shining example of how Americans can bravely and intelligently meet any crisis.

The men of the Secret Service are the only civilian employees of our great Gov-

ernment whose daily official duties require them to be instantly ready to sacrifice their lives for the protection of the President and the Vice President—yet they serve so quietly and humbly that they seldom receive public notice or public recognition for their highly efficient and most faithful official efforts.

Therefore it seems highly fitting and proper that for their exceptionally splendid service in the Venezuela affair we should now publicly express commendation and the gratitude and appreciation of the Nation to these modest Secret Service men who have so well proven themselves to be among our country's finest and most valued public servants.

WISCONSIN SUGGESTED AS POSSIBLE SITE FOR CHARITABLE INSTITUTION IN HONOR OF CARDINAL STRITCH

Mr. WILEY. Mr. President, with the untimely death of Samuel Cardinal Stritch last week, America and the world lost one of its great minds and foremost spiritual leaders. His leadership and dynamic personality far transcended the boundaries of creed or denomination.

In tribute to his many contributions to education, two institutions of higher learning have been named in his honor: one in my home State of Wisconsin, the Cardinal Stritch College, and the other in Chicago, the Stritch School of Medicine at Loyola University.

As you well know, Mr. President, Cardinal Stritch had a dedicated interest in one particular phase of the work of the Church. I refer to the charitable activities for which he later became known as the cardinal of charity. Although I am only a layman, and not of his faith, I feel that it might not be inappropriate to submit this thought—perhaps, still another institution may, in the not too distant future, bear his name—an institution, perhaps, dedicated to the furtherance of charitable works.

I believe that it might be fitting if such an institution were situated in the State of Wisconsin, where Cardinal Stritch made an indelible mark while serving as archbishop of Milwaukee.

Thousands of lives were enriched by Samuel Cardinal Stritch. Thousands of hearts are saddened by his passing.

I send to the desk an article from the May 27 Milwaukee Journal containing statements by three distinguished Catholic leaders in Wisconsin which well express the loss felt in my home State. I ask that this clipping, together with an editorial tribute from the same newspaper, be included with these remarks in the RECORD.

CHURCHMEN HERE CITE STRITCH "LASTING MARK"—MEYER, ATKIELSKI, AND O'DONNELL PAY TRIBUTE TO CARDINAL FOR DEVOTION TO CHURCH

Samuel Cardinal Stritch left a "lasting imprint on the life of the church wherever the providence of God called him" and a permanent mark on the clergy and laity of Milwaukee.

That tribute to the Catholic prelate who died Monday night in Rome was given Tuesday by the Most Rev. Albert G. Meyer, archbishop of Milwaukee.

Cardinal Stritch was archbishop of Milwaukee from 1930 to 1940.

Other tributes came from Most Rev. Roman R. Atkielski, auxiliary bishop of Milwaukee, who served 7 years as his personal secretary when Cardinal Stritch was here, and from Father Edward J. O'Donnell, S. J., president of Marquette University.

WILL ATTEND SERVICES

Archbishop Meyer planned to attend the requiem mass for Cardinal Stritch next Tuesday in the Holy Name Cathedral in Chicago. The cardinal's body will be flown to Chicago from Rome Friday.

Bishop Atkielski also will attend, and a large delegation of priests and other Milwaukee Catholics were expected to go either to the rites or to view the body lying in state in the Chicago cathedral.

Archbishop Meyer called on Milwaukee Catholics to pray for the cardinal and asked special masses for him.

In a message to the archdiocese to be published this week in the Catholic Herald Citizen, the archbishop said:

"As a partial token of our gratitude for the blessings of God which were brought into our lives through the influence of Cardinal Stritch, I ask the clergy, religious and faithful of the archdiocese to remember him in their prayers. In particular, I ask that a special mass be celebrated in all the churches and chapels of the archdiocese for the repose of his soul on an appropriate day."

Bishop Atkielski, who spent a week with the cardinal in Rome right after he was stricken, said a mass in his behalf Tuesday morning at St. Sebastian's Church here.

EXPRESS SORROW, PRAISE

The statements issued here expressed both sorrow at the loss of a leader and praise for his long service to the church and people in Wisconsin and the Middle West.

"The death of Cardinal Stritch is a source of deep sorrow to all of us," Archbishop Meyer said.

"We had looked forward to the great things which we felt would be done through his untiring energy and zeal, in the new appointment given to him by our Holy Father, Pope Pius XII, but God has willed otherwise."

"Perhaps, however, the heroism which he exemplified in his obedience to the call of the Holy Father, as well as in the fortitude and resignation with which he accepted his last illness and death, are the greatest things that will win many souls to Christ."

DEDICATED TO COUNTRY

"Always an eminent churchman, whose only goal in life was the promotion of the kingdom of God, he was also an outstanding cultured and learned American, well versed in the history of his country, totally dedicated to its welfare and deeply interested in the civic affairs of the community in which he served."

"During the 9½ years of tenure as archbishop of Milwaukee, he left a permanent mark on clergy and laity alike. He was an inspiration and a challenge because of his wide learning and scholarship, but mostly because of his generous and kindly, priestly heart, and his genuine, unaffected piety."

SEES REASON FOR JOY

"First and last, Cardinal Stritch was a priest of God, intent only on how he might better serve God by serving his fellow men."

"Although his passing is a source of profound sorrow, not only locally, but we might say even to the world at large, we may rightfully use the occasion of bereavement to thank God for the real good which he accomplished, and to rejoice in the example which he has left for us to follow."

"Our sympathy goes out in a special way at this time to our holy father, Pope Pius XII, as we unite with him and with all the

church, in our own act of resignation to God's holy will, and pray for the repose of the noble soul, who touched the lives of such countless persons to bring them closer to God."

Bishop Atkieski issued this statement:

"There are moments in one's life when it is extremely difficult to express adequately in words one's feelings at the loss of a dear friend. It was my happy privilege to spend the first years of my priesthood under the cardinal's fatherly guidance.

TELLS LOVE FOR CHURCH

"A great deal might be said about the cardinal's brilliant gift of mind, his zealous preaching, his great achievements and his love, care, and concern for the faithful entrusted to his care. Though it was his sincere wish not to be praised, I know I will be forgiven for saying that his predominant passion was love for his church, his devotion and loyalty for the vicar of Christ.

"Many were the times I found him kneeling before the Blessed Sacrament where he laid in supplication at the feet of his Divine Master his problems and the souls entrusted to him.

"In his death, I lose a true friend who was to me an example in charity toward all men regardless of race, color, creed, or station in life."

STATEMENT BY O'DONNELL

Father O'Donnell's statement:

"America has lost one of its truly great religious leaders. Men of all religious backgrounds will mourn his departure. He was intensely interested in the problems of his fellow men and earned their esteem and respect.

"The city of Milwaukee was always close to his heart and we Milwaukeeans are proud to have numbered him as one of our own. With his passing, Marquette University has lost a loyal and gracious friend. He will be sorely missed by all of us."

A GREAT BUILDER OF HIS CHURCH

Because he was a former great citizen of this community, the brilliant career of Samuel Cardinal Stritch has had special interest for Milwaukeeans, transcending the boundaries of faith. More than in most places, the sadness at his death must be felt widely and deeply here.

The promise of that career showed itself as the orphan son of Irish immigrants became a grade school diplomate in Nashville at the age of 10, a bachelor of arts at 16, a priest by special dispensation at the precanonical age of 22. Rapid recognition thereafter of his executive and leadership talents made ecclesiastical history.

He became the youngest Roman Catholic bishop in this country, in Toledo, at 34, the youngest archbishop, in Milwaukee, at 43; head of the church's wealthiest archdiocese, in Chicago, at 52; a red hatted prince of the church at 58. This would be a rare success story in any profession, is most to be admired in one motivated by love and service.

As a great builder of his church, both spiritually and physically, Cardinal Stritch put charity and education first. In Toledo he built a high school first, then a cathedral. In Milwaukee during 1930-40 he let the rebuilding of the burned cathedral wait on the needs of Catholic charities. Fittingly, his memory was already made permanent here in the naming of Cardinal Stritch college.

Two grave afflictions in quick succession tragically struck him down on the threshold of the Vatican at the moment of his becoming the first American cardinal ever to sit on the Curia Romana, through which the pope rules the church. Yet there can be gratification that he was spared long enough, nearing 71, to receive this crowning recognition.

STATEHOOD FOR ALASKA—ARTICLE BY ROSCOE DRUMMOND

Mr. NEUBERGER. Mr. President, in the Washington Post and Times Herald of May 31, 1958, the distinguished syndicated columnist, Roscoe Drummond, contributed a vigorous and forceful article which ably sets forth the case for passage of the Alaskan statehood bill in the Senate. Mr. Drummond has emphasized how both major parties have pledged themselves to this goal. I am pleased that he notes House Democrats adhered to their platform with somewhat greater fidelity than House Republicans.

But statehood for Alaska is not a partisan question, as Mr. Drummond emphasizes. Both parties have endorsed it at national conventions. Both parties should share in its fruition.

I subscribe to Mr. Drummond's view that Alaska and Hawaii should be considered separately and not tied together. Was statehood for Oregon made a condition of California's admission to the Union? Was the entrance of Washington State coupled with a later admission move on behalf of New Mexico? No, Mr. President; Alaska and Hawaii should be considered separately and voted upon as separate entities, as Roscoe Drummond stresses.

I ask unanimous consent that the column by Mr. Drummond from the Washington Post and Times Herald be printed in the body of the CONGRESSIONAL RECORD, as one further argument in favor of statehood for Alaska at this session of Congress.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALASKA IN THE SENATE—TRYING IT TO HAWAII COULD KILL STATEHOOD FOR BOTH

(By Roscoe Drummond)

At his press conference this week President Eisenhower was asked:

"If the Alaskan statehood bill is defeated today, as appears rather likely in light of the adverse vote yesterday, what do you feel the American people should think about the integrity of party platforms?"

The spirit and substance of the President's reply was this: He believes that the parties have a duty to honor their platform commitments; he deeply respects these commitments, and he accepted the nomination in 1952 and 1956 only after he had made sure that he could conscientiously pledge his word to do his best to carry out the platform.

Four hours after Mr. Eisenhower made this statement, the House of Representatives reversed its action of the previous day against Alaskan statehood and in the end, by 208 to 166, voted to make Alaska the 49th State.

If the Senate concurs—and this cannot be taken for granted, the outcome is unpredictable—then Congress will have redeemed a promise which both parties made to the American voters and to Alaska in 1952 and in 1956.

If this happens, I believe that, whatever today's doubts and dissents, we will before many years be as benefited by and as proud of the State of Alaska as we are of all the other Pacific Coast States.

Secretary of State Seward little realized in 1867 what a coup in the future cold war he was making for America when he purchased Alaska from Russia for less than the cost of one B-52 bomber.

Now, every political writer knows that in the platforms of both parties there is much

weasel-worded mush calculated to appear to support something but hedged about with enough escape clauses so that the parties are really committed to nothing. For example, in 1956, the Democrats pledged vigorous support of reciprocal trade and more protection for American industry. The Republicans promised gradual reduction of the national debt and no weakening of the defense program.

But the platform commitments of both parties on Alaskan statehood—and Hawaiian statehood for that matter—are specific, explicit, unequivocal, and if they are repudiated, it will be a transparent fraud on the Nation's voters.

The Democrats declared: "We pledge immediate statehood for these two Territories."

The Republicans declared: "We pledge immediate statehood for Alaska * * * we pledge immediate statehood for Hawaii."

In the House this week—it may well be different in the Senate—the Democrats did better by their platform than the Republicans. In the decisive test vote to recommit the bill 95 Republicans and 79 Democrats lined up against Alaskan statehood. There were 119 Democrats and 80 Republicans for statehood. Thus a slight majority of Democrats voted to honor their platform and a slight majority of Republicans voted against their platform.

The House Republican leadership walked out all the way on the platform. Representative JOSEPH MARTIN, minority leader; CHARLES HALLECK, former minority leader; and Republican whip LESLIE ARENDS were in the forefront of the opposition. When Mr. ARENDS voted to recommit the bill, he explained that more time was needed before acting on the legislation. The Alaskan statehood bill has only been before Congress since 1916.

The supporters of Alaskan statehood are convinced that they have the votes in the Senate if the Alaskan and Hawaiian statehood bills are not tied together or if the Senate leadership is not forced into a public guaranty, as Senator KNOWLAND has asked, that Hawaii must be brought up at this session.

If you see either of these moves in the making in the next few weeks, you will know that the opponents of statehood are maneuvering for the kill. Linking the two together would combine the opponents of each into simultaneous opposition to both. An advance commitment to vote on Hawaii at this session would virtually insure a full-scale southern filibuster against Alaska.

These are the two pitfalls to be avoided if Alaska is to become the 49th State.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S 1191) to authorize the Secretary of the Interior to exchange lands at Olympic National Park, and for other purposes.

The message also announced that the House had severally agreed to the amendments of the Senate to the following joint resolutions of the House:

H. J. Res. 527. Joint resolution to facilitate the admission into the United States of certain aliens;

H. J. Res. 529. Joint resolution for the relief of certain aliens; and

H. J. Res. 552. Joint resolution to facilitate the admission into the United States of certain aliens.

The message further announced that the House had agreed to the amendment

of the Senate to the joint resolution (H. J. Res. 553) to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens.

MUTUAL SECURITY ACT OF 1958

Mr. GORE. Mr. President, I ask unanimous consent that the morning hour be closed.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and, without objection, morning business is concluded.

The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. WILEY. Mr. President, I wish to speak today in support of the mutual security bill for 1958, H. R. 12181, which is the unfinished business of the Senate. I shall be brief.

I shall devote myself principally to four issues.

The first is the critical situation in the world today, which requires passage of the bill. With all the ferment of events in France, north Africa, Latin America, and south Asia, the United States can provide a constructive type of "yeast" by the passage of the bill.

Second, as the American people properly understand the bill, they will support it wholeheartedly. To prove this point, I propose to cite the facts so ably stated by two distinguished Members of the House of Representatives in a series of speaking engagements throughout the United States.

Third, the bill is in our own enlightened self-interest. In my opinion we are considering measures which go to the question of the self-preservation of the Republic. It is a bill which will provide constructive "yeast" in our own national economy. We hear much talk now about people who are out of work. Passage of the bill will sustain jobs and will add to production. This bill, if passed, will help combat the recession.

Fourth, the bill wisely provides discretion within the hands of the Chief Executive to provide aid to those countries behind the Iron Curtain which it would be in our national interest to assist.

Mr. President, I shall take up each one of these points. This is an important matter. People have a right to disagree with respect to it. It is a question, in my opinion, which goes to the matter of the preservation of the Republic.

As the President said, the appropriation and utilization of the money to be provided for this program is more important, even, than our own military appropriations. The President said words to that effect.

Now let us turn to each of these issues. Let me take them up point by point.

WORLD CRISIS DEMANDS CONSTRUCTIVE ACTION

Mr. President, we have only to go to the news tickers in the lobby adjoining this Chamber to see that the world is in ferment and that crises exist everywhere,

including France which today, according to the latest news over the radio, is in great difficulty. Even De Gaulle's friends in Africa are at sixes and sevens with him.

Events are moving to a head in crisis after crisis in many parts of the world.

If we are to be adequate to our responsibilities in this critical hour, then we must provide the leadership which this moment in history has conferred upon us. We did not want such leadership, but it has come to us. Now we must be adequate, and we must prove our adequacy.

Let the word, therefore, go forth to France, to north Africa, to Latin America, and to Asia, that the United States stands by its commitments, that the United States stands by its friends, and does not abandon them. The United States will continue the sound program which it has followed to date.

I now turn, Mr. President, to my second point.

CLARIFYING MISUNDERSTANDINGS ABOUT THE BILL

A great deal of misunderstanding exists about the bill. I stated at the outset that, as the American people gain more light on this subject, they will support it ever more strongly. This is, unfortunately, a bill which is largely misunderstood.

This is a bill which is, unfortunately, largely misunderstood. All sorts of unfair slogans have been hurled at it—"giveaway," "rathole," "waste."

It is none of these things.

I cite these evidences:

(a) The President of the United States has termed this program absolutely essential. Some persons say he does not know what he is talking about. The American people elected him. He knows the world situation. He says the program is absolutely essential. Essential to what? To maintaining the peace of the world. We do not want a third world war.

It is part and parcel of the national defense of this country, itself.

We are, this year, to authorize approximately \$40 billion for national defense. We are to authorize around one-tenth of that sum for mutual security.

Both of these items supplement one another in the program of national defense and world peace. A strong America without strong allies is as unthinkable as is strong allies without a strong America.

The world has been shrunken; our next-door neighbors must man the ramparts which we watch and which they must watch, as well.

(b) Is there waste in this program? Charge after charge to that effect has been made.

Every single charge has been run down, analyzed, and refuted. The International Cooperation Administration, in report after report, has documented this fact: The accusations made against this program are, by and large, unfounded.

Here and there an honest error of judgment has been made in time of stress or under the most adverse conditions. We even make mistakes on the floor of the Senate, and we acknowledge

them. The situation has been most difficult in places like Laos, and other lands. Our administration of the program has not been perfect, but I ask what human institution is perfect? What human allocation of funds is completely free of an occasional error or honest mistake?

Suffice it to say that in charge of the program are competent men who are trying to do the very best they can for their country in getting a dollars worth of value for every dollar authorized.

(c) A third piece of evidence was contained in the most interesting report made by two able members of the House Foreign Affairs Committee, Representatives A. S. J. CARNAHAN, of Missouri, and C. E. MERROW, of New Hampshire.

Under a program sponsored by the American Association for the United Nations, Representatives A. S. J. CARNAHAN, Democrat of Missouri, and CHESTER E. MERROW, Republican of New Hampshire, both from the House Foreign Affairs Committee went on a tour, lasting between 5 and 6 weeks, in an effort to provoke discussion of the mutual security program. They visited 32 cities in 21 States, including my own city of Milwaukee, conducted 24 press conferences, 28 radio programs, and 24 TV programs during their bipartisan effort to find the truth.

Touring this country they met with audience after audience. They presented the facts and, as they did so, they found that the opposition melted away. Truth antidoted falsehood; fact refuted misconception.

Let me read the words of those men:

After the tour, Representative MERROW stated:

They were not all selected audiences since we were speaking before the Rotary Clubs, Lions Clubs, Kiwanis Clubs, junior chambers of commerce, boards of trade, and large open meetings in the evening—I say large, some of them perhaps 2 and 3 hundred. They were entirely open to questions. We were led to the conclusion that once this program is understood by the public, and once the benefits are known—and we haven't been talking enough about the benefits—there is very little opposition. * * *

We found people were anxious to ask about foreign policy. They asked intelligent questions. The opposition as I have stated was almost at a minimum and therefore we have concluded that once the program is understood, people are overwhelmingly in support of the authorization and the appropriation for carrying on the program during the next fiscal year. * * * I am certain the people with whom we talked after they saw the benefits derived from the program, reached the same conclusion that we have come to, that it is certainly not a handout or a giveaway, or the pouring of money down a rathole, and it would be most unfortunate for a program as valuable as the mutual security program to be sloganized to death. It was actually a heartwarming experience and one that was very revealing.

One of these men is a Democrat and the other a Republican. I wish to compliment them. I think it is a wonderful thing to tour the country, and give the people the facts, and see what their reaction is.

Thirdly, I turn to a point which I have made year after year in the Senate:

This bill provides a tonic, a shot in the arm to our own economy. It is a "shot in the arm" to our own national economic system.

Between 85 and 90 percent of all the money which we authorize will be spent right here in the United States. The other 10 or 15 percent, which goes overseas, ultimately will create a demand upon our economy for goods and labor—especially for labor, which we need to see go into action.

This will generate economic health in factory, mine, and farm. It will generate jobs. That is what we are looking for in this period of recession.

Let me cite a few further facts by way of illustration of this point. The breakdown of employment created by the foreign aid program, according to the segments of the economy, is as follows:

In agriculture the program creates 150,500 jobs; in manufacturing it creates 380,400; in transportation, 20,100; in trade, 9,900; in services, 13,600; unallocated, 140,100. The program creates jobs for a total of 714,600 Americans. If we toss the program out the window, 714,000 more Americans will be in the unemployed class.

AID TO INDEPENDENT SATELLITES ESSENTIAL

Fourth, I come to the final point of my argument. I stand by the version of this bill as reported by the Senate Committee on Foreign Relations, particularly as it relates to continuing the responsibility of the President to determine if aid to a Communist country is in the national interest.

There are many who feel that we should limit the President. If I had my way, I would see to it that the bill for which the President has asked in relation to unification of the Armed Forces was enacted. I would see to it that there was on the statute books emergency legislation, so that if and when the balloon went up, it would not be necessary to call Congress into session. The executive department would be ready to take whatever action was necessary. If the balloon goes up, there will not be any Congress. There will not be any Washington. One H-bomb would destroy all of New York City. Yet we talk as though we were living in the age before Pearl Harbor. The danger is we can become complacent as we did then.

My colleagues are aware of the high regard I have for the distinguished minority leader, the Senator from California [Mr. KNOWLAND]. They know that our friend from California feels nothing but distaste for communism of any brand. However, I cannot go along with the amendment he has offered. In my judgment, if I were to do so, I would help, in effect, to tie the hands of the President. The amendment would deny the President the opportunity to make an independent judgment as to whether aid to a country such as Poland—and who will tell me that the Poles are Communists?—or Yugoslavia continues to be in our national interest.

I heard a distinguished Democrat say on a television program that in his opinion the aid to Yugoslavia has kept

Yugoslavia independent, and that if we had not taken the action we did with respect to Yugoslavia, and if the leadership of that country were today under the Kremlin, we might very well be in the third world war in the Mediterranean.

I cite these facts: We will not, under present law, or under the pending bill, aid by so much as one penny Russia itself or Red China or Red Korea. The line is drawn against them unequivocally. However leeway is provided, as it should be, for other satellite lands.

Who can look around the corner of tomorrow? Who can predict the future? Who can tell whether tomorrow dynamic changes may not occur in Hungary, Czechoslovakia, or the Baltic lands? The wave of the 1950's is a nationalist wave. Nationalism is sweeping the world in front of and behind the Iron Curtain.

This morning there came to my desk what is purported to be a report of a poll with respect to conditions in Russia, showing that Russia, made up of different nationalities itself, was having its internal troubles. I can foresee readily how the situation might change to such a degree that in the mind of the Commander in Chief it would be necessary for him to have the discretion provided in the bill in order to prevent a third world war from erupting. That is the discretionary power which would be taken from him if the Knowland amendment were adopted.

Nationalism is anti-imperialism. The worst imperialism in the world today is Soviet imperialism. Poland is nationalist, Yugoslavia is nationalist, Hungary is nationalist, and so are the other enslaved lands.

Would it not be unwise, therefore, to turn our backs on this nationalist sentiment, which dates back so far in history in each of these lands?

Every one of the satellite countries is anti-Communist. I might go along with my friend from California if I felt the people of Poland were genuinely Communist; or the people of Hungary, or the Baltic or the Balkan lands. But there is not a Senator in this Chamber who would contend that the masses of people in these countries are anything but anti-Communist.

Why, then, should we slam the door in their faces?

Yugoslavia, admittedly, remains an enigma. The fact is that the record of the past shows that Marshal Tito's so-called heresy has literally shaken the Communist world. It has produced reverberations in Poland, in Hungary, in Russia, and in Red China. Tito is following his own national interest, and that interest is far different from the interests of the Kremlin clique.

I have confidence in the judgment of the President of the United States in determining whether aid to Tito is advisable. The President has been sound in his judgment in the past. I see no reason why we should deny him the prerogative, which is his under the Constitution, to spearhead foreign policy in this or in any other respect.

This is no time for us to seek to deprive the Executive of pushbutton powers which it may be necessary for him to have. I am alert, I believe, to the situation. I know how we fell asleep before Pearl Harbor—the Army and the Navy and the Air Force, and the people. At that time we had 2 years in which to pick up the pieces. The Pacific was large. However, now we are only a matter of 3 or 4 hours from across the Atlantic. If the Russians have the intercontinental ballistic missile, we are only 15 or 16 minutes away. This is no time to take from the Executive the power to do what is necessary, if the situation demands action by him.

The most dramatic and vital way in which we are looking out for ourselves is by the increased national security provided in the pending bill. I have long sought to impress on the people of Wisconsin and elsewhere, as well as on my colleagues in the Senate, the amazing rate at which our world is shrinking. I have said over and over again that we are now a neighbor of every other nation in the world. Never has this been more true than now. Since we debated this program last summer, our sky has become accustomed to new stars. Right now circling around our shrinking world are four new satellites: Two Explorer moons, 1 Vanguard, and 1 new Soviet sputnik. There is talk of "shooting the moon" before 1958 ends.

Not only has man's horizon been vastly expanded, but the danger to his survival has also vastly increased. Each succeeding sputnik has been heavier in almost direct geometric progression than the previous one. This establishes beyond a doubt the ability of the Soviet Union to launch intercontinental ballistics missiles. And it proves what I have been saying for years, namely, that Wisconsin and our other northern border States will be in far greater danger, if war should occur, than the east and west coasts of our Nation.

We are helping ourselves therefore when we give assistance to our allies. Such assistance not only guarantees that they will be able to fight effectively on our side, if need be, but also that we have territory for our intermediate range ballistics missiles bases with which to rim the Communist world. That is quite a concession for any nation to make to us because the country that permits the establishment of one of these bases on its soil, joins us as a prime target during the first few hours in the event of war. Isolation for all or any one of us is now totally inconceivable.

So we are helping ourselves by our military assistance program, which is the largest single money item in the bill before the Senate.

Incidentally, the military assistance program is something of a bargain. If we did not spend this sum, the cost to ourselves of providing other means of national defense would be much greater and the strain on our budget much heavier. Let me cite one figure:

It costs our country \$3,515 a year to maintain each member of the Armed Forces. It costs other countries much less—for instance, Greece, \$424 a year;

South Korea, \$302 a year; Thailand, \$245 a year; and Turkey only \$240 a year. By assisting these nations to maintain armies which we would otherwise have to supply, for we still need men on the ground to control the ground, we are lessening the burden to ourselves. That, to me is plain common-sense.

How else do we help ourselves through this program? The administration this year testified that about 85 percent of all the money we are about to authorize will be spent directly in the United States for commodities to be furnished our allies. That means that this program will involve domestic expenditures well in excess of \$2 billion. And even most of the other 15 percent will ultimately return to us, because in the final analysis the dollars cannot be used except to purchase American goods and services from our citizens.

These facts I have pounded home year after year. I shall continue to pound them home because there is too much talk about waste, foolish expenditures, and ratholes. Foreign aid provides employment for our people and orders for our factories and outlets for our farm products. In a year, when our economy is a little shaky it is doubly important for us not to put it to the additional strain of depriving it of foreign aid business.

To show what is involved here, I should like, if I may, to devote a few minutes to what foreign aid has meant to my State of Wisconsin.

From January 1954 to June 1957, a period of 3½ years, the International Cooperation Administration paid to Wisconsin firms about \$17½ million. I ask unanimous consent that there be printed at this point in the RECORD the list of firms, by city, which have received that money.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Wisconsin

CITY AND SUPPLIER

Appleton:	
Fox River Tractor Co.....	\$780.09
Miller Electric Manufacturing Co., Inc.....	961.49
Total Appleton.....	1,741.58
Baraboo: The Insemikit Co..	
	13,874.57
Belgium: Rice Pump & Machine Co.....	
	6,891.82
Beloit:	
Beloit Iron Works.....	60,454.00
Gardner Machine Co.....	124,039.08
Total Beloit.....	184,493.08
Burlington: Master Mechanic Manufacturing Co.....	
	2,640.00
Clintonville: The Four Wheel Drive Auto Co.....	
	489,083.22
Eau Claire:	
Dried Milk Products Cooperative.....	137,260.98
National Presto Industries, Inc.....	707.39
Total Eau Claire.....	137,968.37

Wisconsin—Continued

Edgerton: Highway Trailer Co.....	
	\$22,621.04
Fond du Lac:	
Fred Rueping Leather Co..	16,617.60
Giddings & Lewis Machine Tool Co.....	485,847.11
Total Fond du Lac.....	502,464.71
Fort Atkinson:	
James Manufacturing Co..	2,775.30
National Agricultural Supply Co.....	8,745.34
Total Fort Atkinson..	11,520.64
Green Bay: Paper Converting Machine Co.....	
	2,335.00
Janesville: The Parker Pen Co.....	
	56,940.05
Kenosha:	
American Motors Corp....	1,397,303.40
Macwhyte Co.....	9,348.00
Simmons Co.....	745.20
Snap-On Tool Corp.....	62,580.06
Total Kenosha.....	1,469,976.66
Kohler: Kohler Co.....	
	77,346.82
La Crosse:	
The Trane Co.....	250,500.25
La Crosse Trailer Corp....	17,596.24
Total La Crosse.....	268,096.49
Madison:	
Gisholt Machine Co.....	225,894.80
Madison Kipp Corp.....	9.71
Ray-O-Vac Co.....	19,898.90
Varigraph Co., Inc.....	450.68
Total Madison.....	246,254.09
Manitowoc: Manitowoc Engineering Corp.....	
	1,621.76
Marinette: Ansul Chemical Co.....	
	18,972.78
Milton: The Burdick Corp....	
	362.15
Milwaukee:	
Allis Chalmers Manufacturing Co.....	2,914,710.99
Ampco Metal, Inc.....	1,495.97
Artos Engineering Co.....	12,827.53
Blackhawk Manufacturing Co.....	297.60
Briggs & Stratton Corp....	7,547.53
The Bruce Publishing Co....	22.61
Bucyrus-Erie Co.....	3,098,881.14
F. W. Burns Machinery Co..	400.00
Chain Belt Co.....	109,587.64
Cleaver-Brooks Co.....	136,257.86
Cohen Iron & Metal Co.....	627,139.46
Controls Co. of America....	383.69
Dings Overseas Corp.....	100.00
Dummann World Trade Co..	7,872.50
General Steamship Agencies, Inc.....	25.23
Great Lakes Transatlantic, Inc.....	12.50
Harley-Davidson Motor Co..	210,360.31
Harnischfeger Corp.....	733,132.25
Harnischfeger Export Corp..	278.20
Harnischfeger International Corp.....	522,451.21
Harnischfeger Overseas Corp.....	451,585.47
The Hell Co.....	31,285.47
Hevi Duty Electric Co.....	52,290.00
Jambor Tool & Stamping Co.....	383.47
Koehring Overseas Co.....	1,016,140.70
Chas. A. Krause Milling Co..	20,515.25

Wisconsin—Continued

Milwaukee—Continued	
Kremers-Urban International Corp.....	\$6,600.00
Le Roi Co.....	11,074.19
Line Material Co.....	11,620.90
Mercury Motors International.....	44,672.03
Milwaukee Electric Tool Corp.....	459.66
Murphy Diesel Co.....	13,233.69
Nash Motors division of Nash-Kelvinator Corp....	559.78
Nordberg Mfg. Co.....	48,858.21
The Oilgear Co.....	25,663.00
John Oster Manufacturing Co.....	2,373.82
Pressed Steel Tank Co.....	19,020.50
Safway Steel Products, Inc..	5,959.95
Seaman-Andwall Corp....	41,916.85
A. O. Smith Corp.....	649,496.56
T. L. Smith Co.....	5,322.08
Smith Engineering Works..	4,932.65
Tolstoy Foundation, Inc....	1,262.22
The Vilter Manufacturing Co.....	8,294.51
Wisconsin Motor Corp.....	100,345.74
Wolff International, Inc....	36,544.51
Total Milwaukee.....	10,984,195.43
Oshkosh:	
LST Manufacturing Co.....	80,710.41
Oshkosh Motor Truck, Inc..	184,809.06
United States Motors International, Ltd.....	151,144.39
Universal Motor Co.....	21,488.56
Total Oshkosh.....	438,152.42
Port Washington: Food Machinery & Chemical Corp..	
	1,855.59
Racine:	
George Gorton Machine Co..	27,092.76
Horlicks Corp.....	17,651.24
Howard Industries, Inc....	1,372.70
Massey Harris.....	2,318,572.99
Peerless Machine Co.....	27,676.96
Webster Electric Co.....	242.12
Total Racine.....	2,392,608.77
Rothschild: Marathon Corp..	
	2,710.54
Sheboygan: Hayssen Manufacturing Co.....	
	12,700.00
Superior: Superior-Lidgerwood-Mundy Corp.....	
	2,181.20
Waukesha: Waukesha Motor Co.....	
	23,515.46
West Allis: Kearney & Trecker Corp.....	
	38,552.92
West Bend: West Bend Aluminum Co.....	
	29,607.97
Total Wisconsin.....	17,441,285.13

Mr. WILEY. Mr. President, bear in mind that in those cities, in those factory towns, American citizens were working. The money which Congress appropriated produced the goods which our allies needed.

Who can say that this program does not help Wisconsin? Can any of my colleagues deny that foreign aid has assisted their States? I ask unanimous consent to have printed at this point in the RECORD a table showing the amount of money which each State received during the same period.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Alabama.....	\$10,352,658.33
Arizona.....	3,846,786.45
Arkansas.....	1,637,754.52
California.....	167,462,292.07
Colorado.....	1,077,546.69
Connecticut.....	16,253,295.50
Delaware.....	5,884,302.83
District of Columbia.....	1,000,399.71
Florida.....	3,748,643.90
Georgia.....	2,291,304.57
Hawaii.....	10,038.00
Idaho.....	202,207.27
Illinois.....	77,056,999.87
Indiana.....	9,255,215.83
Iowa.....	8,062,043.14
Kansas.....	449,902.32
Kentucky.....	7,862,017.72
Louisiana.....	-84,434,121.68
Maryland.....	3,220,281.84
Massachusetts.....	12,407,483.86
Michigan.....	13,217,096.90
Minnesota.....	7,965,879.93
Mississippi.....	3,648,301.21
Missouri.....	11,829,893.32
Nebraska.....	981,284.67
New Hampshire.....	166,337.37
New Mexico.....	923,711.53
New Jersey.....	29,329,686.00
New York.....	-864,932,402.47
North Carolina.....	5,747,094.47
Ohio.....	44,275,398.10
Oklahoma.....	4,975,444.10
Oregon.....	63,020,402.03
Pennsylvania.....	83,742,970.30
Rhode Island.....	2,581,279.61
South Carolina.....	639,898.79
Tennessee.....	144,526,355.57
Texas.....	271,174,127.85
Utah.....	108,194.91
Vermont.....	792,424.90
Virginia.....	10,078,702.39
Washington.....	10,276,617.09
West Virginia.....	2,027,230.44
Wisconsin.....	-17,441,285.13

Total, all States..... 2,010,917,315.18

Mr. WILEY. Mr. President, if any Senator desires to know what his State received, I shall be glad to state the amount specifically. The total amount for all States was \$2,010,917,315.18.

I need not remind the Senate that Wisconsin is a great agricultural State. This brings me to another illustration of how we help ourselves through foreign aid.

As is well known, during the war, our agricultural production reached the level which it continues to maintain to this date. At first, the tremendous needs of war-torn Europe absorbed what otherwise would have become surplus. Then, as surpluses developed, the Congress directed the International Cooperation Administration and its predecessors to begin purchasing surplus agricultural commodities with foreign-aid money and and sell the surpluses abroad for local currencies which in turn could be used for foreign-aid projects. The foreign-aid program has been of great help to our farmers. Without it, we would have had to face either 1 of 2 unpleasant alternatives. We could have let the surpluses accumulate at a tremendous cost to the American taxpayer or we could have brought about an agricultural depression at tremendous cost to the American farmer. By using agricultural surpluses in our foreign-aid program, we are helping both the taxpayer and the farmer. We are helping both the

taxpayers, including the manufacturers and farmers, and we are helping our allies to put iron into their backbone, so that they will remain our allies.

The surpluses sold abroad provide the money there for the building of dams and other useful projects which will strengthen the economies of free world countries. The dollar spent in this way really does double duty.

That brings me to another point which I have been making for years. Our trade is mostly with the highly industrialized nations of the world—Canada, Western Europe, and similar areas. As we know, the more developed a country is, the better it is as a customer. We can maintain an expanding domestic economy only in the climate of an expanding world economy. If we are going to produce more goods, we must find ways of consuming more goods, both at home and abroad. So when we help underdeveloped nations with our economic and technical assistance, we are also laying the foundation for an expanding trade relationship with those nations. As their incomes go up, so does their demand for consumer goods. We are the greatest Nation in the world for producing consumer goods.

To prove my point, let me cite the case of Germany. In 1950, exclusive of foreign aid, United States exporters sent goods worth \$439 million to Germany. In 1956, when the German economy had recovered, private firms in the United States sent \$780 million worth to Germany. An economically healthy country is a good buyer. Let us not forget that. Of course, with the underdeveloped areas, such a growth in private trade will be slower to appear. So when I say that helping them is good business for the United States, I am thinking in long-range terms.

The point is that in 1950 United States exporters sent to Germany goods worth \$439 million. In 1956, after Germany had recovered, the amount had increased to \$780 million.

Of more immediate importance to us, and another reason why we should continue the foreign-aid program for our own good, is our dependence on other nations for some of our vitally needed raw materials. Particularly is this true of South America.

I hope not one of my colleagues will suggest cutting or changing the mutual security program on the basis of the recent minority outbursts abroad. The world is full of critical situations. Let us not be hasty and pave the way for Communist infiltration and subversion by telling countries that we do not care about their future. This is a time for searching self-examination on our part.

Remember, we have a problem at home which is called the recession. We must keep the American people employed. The only way to keep them employed, as I have already shown, is to make certain that we keep our allies strong.

In the meantime let us keep our eye on the ball. We are debating the question of how best to insure our own survival and well-being. I believe that the Mutual Security Act of 1958, H. R. 21281, provides the way.

I am aware that much of what I have said today, I have been saying for years. I do not get tired of repeating facts, because these are facts that we have to face.

I face them recognizing, I think, as much as anyone else what they mean to the taxpayers of the Nation. But I know also that I was in the Senate when we voted to authorize in one lump sum \$100 billion when we were in the war. Someone has said that if we become engaged in a third world war, it will mean a cost of \$100 billion a month if we are to survive.

Often the facts are drowned by epithets like "sinking money in a rat hole" and the "great giveaway." Yet they are more true with every passing year. Our gravest dangers now are intercontinental ballistic missiles, a serious economic recession, and worsening political and economic conditions abroad. Each one of these dangers will be less as the result of continuing foreign aid.

Whose skin are we trying to save, anyway? Our own, of course. It is our self-interest that is at stake in the Mutual Security Act of 1958. Very little altruism is involved. The truth is that we have no business giving aid to any foreign country unless it is in our self-interest to do so. This is a program for America, not for foreign aid, as I said at the beginning, and the sooner we realize this, the better off we and succeeding generations will be.

I hope that House bill 12181 will be passed by an almost unanimous vote.

In conclusion, Mr. President, my arguments may be summarized as follows:

The enactment of this bill is necessary in our own national self-interest. The bill which conforms to the first law of nature: self-preservation.

The bill will enable us to be adequate to our responsibilities.

The bill has been proven by the record of the past to be wise; it has been confirmed by the headlines of today to be essential; and it is indicated by the possibilities of tomorrow to be advisable.

I urge the enactment of House bill 12181 as reported by the committee.

Mr. President, this is one time when the voice of the executive branch of the Government should be heeded in our own self-interest, in applying the law of national self-preservation.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Wisconsin yield to me?

The PRESIDING OFFICER (Mr. HUMPHREY in the chair). Does the Senator from Wisconsin yield to the Senator from New Jersey?

Mr. WILEY. I yield.

Mr. SMITH of New Jersey. Mr. President, I am very happy to say to the distinguished Senator from Wisconsin, the ranking Republican member of the Foreign Relations Committee, that in my judgment he has made a very important contribution to the debate on the foreign-aid bill, and has pointed out, in his own able way, the arguments which appeal to him as being important in this connection.

I should like to ask the distinguished Senator a question; and in doing so, I

shall practically repeat what he has been emphasizing: Does not he believe that the bill has nothing to do with giveaways, handouts, or anything except the security, safety, and future of our Nation; and that if we fail to pass this bill and ignore our President's advice and leadership, we shall be taking a grave chance of giving a mortal blow to our country, which today faces serious difficulties? Do I correctly summarize the able argument the Senator from Wisconsin has made?

Mr. WILEY. Mr. President, I believe that in the course of my remarks, I have covered the answer which has been suggested by the questions the Senator from New Jersey has asked.

It is my humble opinion that when one gives to another a handout—if anyone wishes to use that term—which will save his life and will aid in keeping the economy of his country from worsening, and at the same time will save the one who gives it and the rest of the world from a great catastrophe, that cannot be classified, as someone has called it, as a reckless disposal of the taxpayers' money. Instead, in my opinion, it is like an insurance-policy premium. It must be paid if we are to use our judgment and our vision.

I cannot help but recall that the ancient prophet said, "Where there is no vision, the people perish."

Before Pearl Harbor we exercised insufficient vision. We sat back, and said that the world was large, and that we could not be successfully attacked. But then the attack came. However, as I have said before, and as I now repeat, at that time the very size of the world was a protection to us, and the Pacific Ocean was a barrier. But now only 2 hours are required to cross that barrier; and now that the intercontinental missiles have been developed, unless we can strengthen the freedom-loving peoples, we may find that the power of the Kremlin—which already has taken into its orbit about one-fourth or one-fifth of the earth's surface and approximately 700 million human beings since the shooting stopped—may, unless we provide a deterrent, and the pending bill constitutes a deterrent—take over the rest of the world. If that happens, the Kremlin will then take over America.

I believe this bill is an insurance policy. I believe it provides, as the President has suggested, a very important means of keeping the world free.

Mr. SMITH of New Jersey. I thank the Senator from Wisconsin.

Mr. TALMADGE. Mr. President, my position on foreign aid is well known.

I subscribe wholeheartedly to the concept of utilizing the wealth and resources of the United States to strengthen its military posture.

I accept cheerfully the Christian and humanitarian responsibility of sharing our supplies of food and fiber to help feed and clothe the hungry and naked people of the world.

But I cannot in good conscience, Mr. President, give my assent to an undefined and never-ending program which seeks to achieve the impossible and utopian end of making the world over in our own image.

Since 1948, the United States, according to Life magazine, has spent \$420 billion from public and private sources in the vain pursuit of that mirage. Of that amount, more than \$64 billion has been spent or appropriated for what we call foreign aid.

Our first goal was to rehabilitate the wage-ravaged nations of the world.

Then we undertook to save the world from Communist aggression and subversion.

Now we are told that we must continue our international largess in order to bolster and save our own internal economy.

The results of our past efforts belie any hopes of worthwhile accomplishment in the future.

To the extent that we have endowed our former enemies and many of our former allies with more stable and prosperous economies than our own, we could be said to have achieved the first goal. But in so doing we created new and more modern industrial economies which are destroying our own industry and the jobs of American workers with the flood of cheap goods which they are producing.

That we have not saved the world from the threat of communism is self-evident from the world situation today in which the cleavage and tensions between East and West are greater and more alarming than ever before. We have fewer dependable allies than when we embarked upon our present ill-fated course, and those for whom we have done the most, our NATO associates, have done the least to assist us in strengthening and manning the ramparts of the free world.

Those who would now have us believe that the United States can spend itself strong and give itself secure, ignore history's fundamental economic laws. For to rely on dollars alone is to court the national bankruptcy which Marx and Lenin long ago predicted for us.

If the purpose of foreign aid is to buy friends, it is fallacious. All but those who, like the ostrich, stick their heads in the sand of idealism and refuse to face up to reality have to admit that the whole experience of mankind disproves the theory that friendship can be purchased. Not only does all history disprove that, but every experience of humanity belies it also.

If the purpose of foreign aid is to so bolster the economies of other nations that communism will not be a threat to them, it is doomed to failure. It must be remembered that despite the expenditure of more than 36 billion 100-cent dollars between 1933 and 1940—including more than \$15.5 billion for direct and work-relief projects—we in the United States could not even relieve our own unemployment situation.

The real object of foreign aid as now practiced by this Nation is found in a recent report by the Committee for Economic Development. The consensus of 48 world leaders polled by that organization was that the United States must undertake over the next 20 years to help achieve a better balance of world wealth.

It is ironic that in the same country where the late Senator Huey Long—the

distinguished father of a distinguished son who presently sits in this body—was ridiculed for advocating a program to balance the wealth among individuals here at home, it should be proposed now that the Nation seek to balance the wealth of the world.

It is particularly ludicrous in light of the fact that the United States has been sorely strained to balance its own national budget only 5 times since 1930.

It is impossible to understand the thesis of those who contend that the Soviet threat to our Nation's military superiority must be met with greater outlays for foreign aid.

To be sure, foreign-aid projects which strengthen the defense posture of this country are necessary and justified. Assistance to nations like Korea and Turkey, which are maintaining large and effective armies in defense of the perimeter of the free world, certainly is in our best interests.

On the other hand, aid to other countries given in terms of general social welfare programs cannot achieve anything but to bankrupt our Nation and to make the American people despised for meddling in the domestic and foreign affairs of those so helped.

There is a place for economic aid and technical assistance, but it hardly can be justified on the basis of underwriting a 5-year plan in India, building highways through the jungles of Southeast Asia, or paying off the national debt of Austria.

It always has been my view that economic assistance where required should be on a loan basis secured by the collateral of undeveloped natural resources, and such loans preferably should come from private capital. In that connection, I think it would be well for Congress—instead of blindly voting direct handouts from the Federal Treasury—to give thought to granting tax inducements to private firms to stimulate the flow of American capital into undeveloped areas.

The only really beneficial economic aid is that extended on the basis of partnership. Outright gifts arouse suspicion and generate contempt, while business ventures stimulate pride and create friendships so long as they are mutually profitable.

Every year about the time Congress begins considering this question, the propaganda drums begin to beat loudly about the urgent necessity for continued foreign-aid spending and the great benefits to be derived thereby. Report after report and witness after witness are brought forth to give lipservice to the cause of bigger and better foreign giveaways.

It is passingly strange, however, that the reports of the only two agencies which have undertaken a realistic assessment of the results of such spending have been highly critical and have raised disturbing questions about what, if anything, is being accomplished by it.

When the House Committee on Government Operations sought to determine how well the \$24 billion in American military aid has been spent, it was forced to conclude in its 19th report, House Re-

port No. 1381, that it could get no satisfactory answers.

The General Accounting Office reported that no internal audit ever has been made in the military-aid program and that expenditures to date have not resulted in the creation and maintenance of effective fighting forces. The Comptroller General, in his report of August 29, 1957, disclosed that no estimates have ever been developed as to the long-range cost of the program and that the United States has underwritten military objectives incapable of achievement and beyond the ability of its fiscal resources to fulfill.

The House committee found that defense support funds—an \$835 million item in the proposed fiscal 1959 budget—are being used not for defense support but for outright attempts to buy allies and to keep them bought. It reported that the present practice is to fix the level of aid to any given country at—and I quote from page 12 of its 21st report, House Report No. 1374:

the amount of United States dollars it is necessary to promise a country in return for its agreement to undertake certain military efforts. Whether this "level of aid" actually is related to the military costs involved or the capacity of the economy to meet those costs appears to be largely irrelevant. It is essentially an agreed-upon price for the country's cooperation.

It is hard to understand why Congress has permitted such free-handed spending of the taxpayers' money without so much as the first control or check.

The reports of the House Committee on Government Operations and the General Accounting Office bring into sharp focus the urgent need for Congress to reassess the whole foreign aid picture and to take immediate steps to restore its control over such expenditures.

Present practices allow overseas spending almost completely beyond the control of Congress and, as the Committee to aptly phrased it, make "a mockery of the whole process of appropriating money."

The Government Operations Committee is correct in its urgent recommendation that the foreign aid program must be "reexamined in relation to national resources and other military needs" and that Congress act immediately to determine "how long the program is to continue, what precise objectives it is to serve and how best they can be achieved."

A proper safeguarding of the interests of the American taxpayer demands that Congress cease giving blank checks to the executive branch and begin diligently exercising its constitutional duty to pass on all spending programs individually before they are undertaken.

The Mutual Security Act of 1958 presently under consideration is but another of those blank checks. It offers nothing better than a continuation of the waste and boondoggling which has characterized the American foreign aid program from its inception.

The administration asked for a new foreign aid appropriation for fiscal 1959

of \$3.9 billion, but, should that sum be voted, the total figure would amount to more than \$18 billion of taxpayers' money.

That is true because at the end of the current fiscal year, according to U. S. News & World Report, there will be a carryover of foreign aid funds estimated at \$6.2 billion, the capitalization of the Export-Import Bank is to be increased by \$2 billion, the Public Law 480 authorization for fiscal 1958 has been increased by \$500 million and the authorization for 1959 set at \$1.5 billion, the Defense Department will spend more than \$3 billion maintaining service personnel and bases abroad, servicemen will spend more than \$600 million from their own resources in the countries in which they are stationed, and the Federal Government will pay almost \$400 million in salaries to American and foreign civilians it employs in other countries. If we add those sums together, Mr. President, they represent a total of \$18 billion of the taxpayers' money which is involved in the program.

Add to this the more than \$1.8 billion which American tourists will spend abroad during the year, and the almost \$4 billion which American private enterprise will invest in foreign economic development, and the total American foreign expenditures for the next year would run to \$24 billion.

Mr. President, that is not all. The United States of America this year will spend in excess of \$40 billion for its military establishment, in order to provide defense and security not only for the United States but also for every other nation of the free world. The expenditure of that \$40 billion will be just as much for the benefit of every other nation in the free world as it will be for the benefit of the citizens of the United States.

When we add those gigantic sums together, we see that the taxpayers of the United States are being called upon to provide approximately \$64 billion for military and economic security not only for the United States, but also for foreign countries.

It is hardly likely, Mr. President, that the American taxpayers, struggling to make ends meet in this period of inflated recession, would look very sympathetically upon an outpouring of more than 18 billion of their hard-earned tax dollars overseas during the next fiscal year.

I ask unanimous consent, Mr. President, to have printed in the RECORD at this juncture in my remarks the memorandum prepared for me by the Legislative Reference Service of the Library of Congress, showing American overseas expenditures exclusive of foreign aid, Export-Import Bank loans, and the subsidized sale of surplus agricultural commodities under Public Law 480.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Is there objection to the request of the Senator from Georgia?

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

OVERSEAS EXPENDITURES AND EMPLOYMENT—
ANSWERS TO SPECIFIC QUESTIONS SUBMITTED
BY SENATOR HERMAN TALMADGE OF GEORGIA

No. 1: Amount spent by United States Government maintaining service personnel and bases abroad, fiscal years 1953-56:

Fiscal year:

1952.....	\$2,300,000,000
1954.....	2,800,000,000
1955.....	3,400,000,000
1956.....	3,200,000,000

NOTE.—This total includes purchase of supplies in foreign countries, construction expenditures, etc. It is taken from a classified report entitled "United States Defense Expenditures Entering the International Balance of payments" which is a detailed analysis of expenditures by country and by program. It is now in the process of revision and should be available in 2 to 3 weeks.

Source: United States Department of Defense, by phone.

No. 2: Out-of-pocket expenditures of American servicemen stationed abroad, fiscal years 1956 and 1957:¹

1956.....	² \$683,000,000
1957.....	² 648,000,000

¹Includes purchases by post exchanges in foreign countries.

²Includes purchases in commissaries, post exchanges, and post office remittances; excludes official savings accounts.

Source: United States Department of Commerce, Mrs. Cora Sheffler, by phone.

No. 3: Expenditures for foreign travel by United States citizens, 1948-56:

Calendar year:	Total Amount
1948.....	\$822,000,000
1949.....	927,000,000
1950.....	1,022,000,000
1951.....	1,028,000,000
1952.....	1,188,000,000
1953.....	1,306,000,000
1954.....	1,401,000,000
1955.....	1,612,000,000
1956.....	1,814,000,000

Source: United States Department of Commerce, Bureau of Foreign Commerce, United States Participation in International Travel, Washington, United States Government Printing Office, 1957, page 3.

No. 4: The Bureau of the Budget (Mr. John Clinton) reports that this information is not available. (The request was for the amount which all agencies of the United States Government, excluding the International Cooperation Administration, spend in other countries each year.)

No. 5: Growth of United States private foreign investments, 1952-56:

Year:	Yearly net Investment
1952.....	\$1,881,000,000
1953.....	1,018,000,000
1954.....	2,742,000,000
1955.....	2,465,000,000
1956.....	3,923,000,000

Sources: United States Department of Commerce, Bureau of the Census, Statistical Abstracts of the United States 1957, Washington, United States Government Printing Office, 1957, page 878 (1952-54). United States Department of Commerce, Office of Business Economics, Survey of Current Business, volume 37, August 1957, page 23 (1955-56).

Nos. 6 and 7: Paid civilian employment abroad, 1956 and 1957:

	June 30, 1956 ¹	June 30, 1957 ²
United States citizens.....	33, 630	34, 269
Noncitizens.....	99, 295	99, 531
Total.....	132, 925	133, 800

¹ Excludes 290,967 foreign nationals working for the Department of Defense under contracts, agreements, or other arrangements with foreign governments which provide for the furnishing of personal services to the agency.
² Excludes 267,894 foreign nationals working for the Department of Defense under contracts, agreements, or other arrangements with foreign governments which provide for the furnishing of personal services to the agency.
Source: United States Civil Service Commission, Federal Employment Statistics Bulletin, June 1956 and 1957.

Annual payroll paid to employees abroad by the U. S. Government
(Full-time employment)

	Fiscal year 1956		Fiscal year 1957	
	Num-ber	Payroll	Num-ber	Payroll
United States citizens.....	33, 440	\$195, 000, 000	34, 152	\$206, 000, 000
Noncitizens.....	98, 752	115, 000, 000	99, 075	177, 000, 000

Source: U. S. Bureau of the Budget, Mr. John Clinton, by phone.
ELDEN E. BILLINGS,
Analyst in International Finance,
Economics Division.

MARCH 17, 1958.

Mr. TALMADGE. Mr. President, I know of no man possessed of conscience and a sense of Christian duty who would not vote for all reasonable and practical programs designed to assume the safety of his country and to help the needy of the world.

By the same token, Mr. President, I cannot understand how any man could vote to squander the resources of his country through a program shrouded in secrecy, devoid of any promise of accomplishment, and steeped in the threat of national bankruptcy.

If this Congress will measure up to its responsibility to examine each foreign spending program which may be proposed or deemed necessary, I will cast my vote in favor of those which strengthen our Nation and give substance to our humanitarian impulses.

I will vote for a reasonable program of military assistance to dependable allies.

I will vote for a practical program to help feed the hungry and clothe the naked.

I will not vote to give the executive branch a blank check to spend \$3.9 billion in addition to the \$64 billion already voted when Congress can get no satisfactory answers as to what its expenditure has accomplished.

I am confident, Mr. President, that if the overwhelming sentiment of the masses of the American people could prevail, the majority of the Members of Congress would vote as I have indicated.

Mr. JAVITS. Mr. President, this is sort of a quiet day in the Senate, but it is not a quiet day in the world, nor is it a quiet day in the minds of the American people. The debate upon the mutual security program gives us an

opportunity for an analysis of the foreign policy posture of the United States, a question of burning interest to every American.

The recession is serious. I might say we did a great deal to meet the recession, in terms of the fundamental problem question of what to do to deal with unemployment, by our action of last week. But notwithstanding the recession, what agitates the American people most is a desire for peace. The American people are interested in whether peace is imperiled by our present posture in the world.

Mr. President, I think every American is deeply puzzled by events; whether it be the attacks on Vice President Nixon in South America, the grave complexities which afflict free institutions in France, or the problems in Indonesia, where grave threats face free institutions in what is probably the richest natural resource area in the world, the whole Indonesian Archipelago.

All of us represent the people of States. I, together with my dear friend and senior colleague [Mr. IVES], represent 17 million people in New York. The gross State product of New York is probably not less than \$70 to \$80 billion a year, or somewhere in that vicinity. New York pays about 20 percent of the Federal taxes. I doubt if there are many nations in the world, even including the United Kingdom, which, in economic and production terms, are so important as is my own State. So I think it becomes the duty of as many of us as are so moved to explain to the American people what we think this program is all about, and what action we propose to take regarding it.

All of us know that the pending bill will probably pass very much as it is written. There will be efforts to amend it. Some will be successful and some will not, but in the final analysis we shall continue the mutual-security program. So far as the American people are concerned, the news out of this bill will not be some sensational turn in foreign policy, but whether or not we in the Congress have a rational understanding of what is occurring in the world, and whether, over a period of time, we may be entrusted with the destiny of our Nation—indeed, the destiny of the free world. This, to my mind, is the news.

I have read with the deepest interest the views of my colleagues as expressed in this debate. I feel very deeply that this debate, in itself, is a major contribution to the concern of our country, because it will show the color of our thinking, what we see ahead, and what we feel should be done by way of a comprehensive policy. That, I respectfully submit, is even more important than the fate of this particular bill, which, as I say, I am quite confident will pass substantially in the form in which it is now written.

I should like to state my fundamental thesis with respect to American foreign policy. I believe that our objectives are sound, and are very clearly understood by the world. I believe also that American idealism and American good will—though they may not be reflected in

terms of the number of millions of people who like us, which is an extremely ephemeral and superficial standard, because it can change from day to day—are more basically founded upon the respect which we have in the world because of our achievement. That, I think, still ranks very high.

Our trouble in the world today, fundamentally, is that while we have clear objectives and pretty clear policies to meet those objectives, we have failed to pursue those objectives with the necessary men, the necessary money, and the necessary participation of our private-enterprise system.

I should like to repeat that statement, because I think it is the nub of our problem. We have decent objectives, and, on the whole, we have pretty good plans to pursue those objectives, but we have failed to pursue them with the necessary men, the necessary money, and the necessary participation of the free-enterprise system.

As I stated in the beginning, the people are worried about peace, about defense, about science and engineering, about our friends and those who are not our friends, about our moral position, about the efficacy of Soviet competition and pressures, as well as about the recession. They are worried about all the other things, in my opinion, even more than about the recession, although they are certainly very concerned about the recession, as we all know.

We are faced with serious challenges to which the people wish to know our answers; they know the challenges. We can give them the answers effectively in the pending mutual security bill. The Congress has the opportunity to more decisively influence the course of the struggle for peace right now than the Executive.

What we do on the mutual security bill will serve notice to the world either that we intend to push forward with the responsibilities of free-world leadership more vigorously than ever, or that recent reverses have brought about a new trend toward isolationism as dangerous alike to our own security as it would be to the whole free world.

I predict that the enactment of the mutual security bill as requested by the President and, very importantly, implementing appropriations equal to or greater than he has requested—and I believe that at least a \$200 million increase in the Development Loan Fund request is needed—will have an electric effect upon free-world morale and confidence and go far to neutralize recent adverse developments. The increase is necessary to compensate for the reduction made last year. If no Senator on the committee offers such an amendment, I shall offer an amendment to provide the increase.

United States foreign policy needs more resources, the participation of more people, especially in overseas technical assistance, both public and private, and more participation by the private economy. Again I emphasize that we need to pursue our objectives with more men, more money, and a greater participation of the private-enterprise system.

The state of the world is so dangerous that everyone of us must make his full contribution without stint or delay. For this reason I believe it essential to state specifically my views as a Senator from my State and take a position myself, as I believe the Senate must take a position. I say this as one of the two Senators from the State with the largest population and income in the Union and which carries an estimated 20 percent of the Federal tax burden while it has 10 percent of the country's population. In addition to the tremendous economic importance of my own State, there is the fact that we house within New York City, the nerve center of our economic system, the United Nations, considered to be the nerve center of the struggle for peace in the world today.

First, I state my conclusions as follows: One, the free world's position though under grave assault, perhaps graver than anything encountered yet in peacetime, is still strong and viable and well able to emerge successful in the struggle with totalitarianism now represented by the Moscow-Peiping axis; two, we need to put our primary emphasis on working with the areas of strength in the free world as the best way to shore up the areas of weakness—while we need to bypass those which are Communist-oriented. I shall discuss that question in greater detail in a moment. Three, in this revolution of rising expectations when economic development is the overriding consideration, our economic aid and technical assistance programs for the underdeveloped areas of the free world and those in which we participate become the major offensive weapon in the struggle for freedom while our activities at home and abroad in military security are recognized as the indispensable guaranty that these positive activities of technical assistance and economic aid be carried on; four, the greatest single deficiency in our program for the economic development of free world areas needing development is the inadequate utilization of the United States private economy in these efforts.

I shall take each of these subjects in turn. Although our position is under grave assault, we have adequate means for achieving success in the struggle.

There is no illusion about our status in the world; if anything, we are too pessimistic about it. The recent demonstrations against the person of the Vice President in South America; the grave threat to the continuance of parliamentary government in France; a runaway situation in Algeria; a threat to the maintenance of international peace in Tunisia; and a perilous internal crisis in Lebanon are but the latest readings on the fever chart. Yet the strength of the free world in the face of these events is remarkable.

A recent survey taken in 11 world opinion centers from Oslo, Norway, to New Delhi in India—where, incidentally, more persons thought we were doing better than anywhere else in the world—revealed that though a significant number of people—28 percent of those sampled—said that their respect for the

United States had decreased recently, 41 percent said that there was no change in their respect for the United States, and 11 percent said their respect had increased. When taken with an expression of no opinion from 20 percent, this showed a 2 to 1 ratio in favor of positive respect for the United States in the world. In other words, 41 percent said their respect for us had remained unchanged and 11 percent said it had increased, which made 52 percent, against 28 percent of those who said their respect had decreased recently. I consider this one of the most significant indications of strength we could find.

There are other elements of strength. The free world even now outnumbers the Communist world by some 700 million people—and that is the way we should keep it—and the free world occupies the greater part of the world's area, and contains by far most of the world's resources. Though increases in industrial productivity in the Soviet Union are said to run as high as twice the increases in our productivity in recent years, it is nonetheless the fact that the U. S. S. R. started from a primitive agricultural society after World War I, and therefore has much greater leverage for advance, but it is still an economy which is only from one-quarter to one-third as productive as ours. In other words, the gross national product of the Soviet Union remains, even today, one-quarter to one-third behind ours.

We can also point to several major achievements, especially at a time when there is so much frustration in foreign policy, and we can point to certain successes in our own foreign policy, too, such as the continued durability and importance of the United Nations; the integrity of a system of regional alliances for mutual security; the basic success of our economic aid and technical assistance programs beginning with the Marshall plan; the development of the atom for peace; the successful demonstration of Communist foot-dragging in respect to purposeful disarmament and to an auspicious summit conference; and new high levels of free world prosperity and production reached in the years since the end of World War II.

There have been phenomenal increases in Europe, as well as in the United States.

To these accomplishments must be added the success of our foreign policy when it gave notice in advance that we would act and backed it up with sufficient resources; notable examples were the breaking of the Berlin blockade; the withdrawal of Communist China's imminent threat to Formosa in early 1955; and the fact that the U. S. S. R. refrained from sending volunteers into Suez in October and November 1956. In each of these cases we gave notice in advance that we would act, and act with full power. No action was necessary.

Even in the situation in France we have had successes, rather than failures, in connection with the policies which the United States and the other free nations have been pursuing.

Although Premier De Gaulle came to power at a moment of great crisis, when

the French people were said to have a choice only between civil war and De Gaulle, the fact is that he sought to take power by legal means and legal investiture. That is a very considerable tribute to the progress and inherent strength of the free world, and should be the occasion for great pride on the part of any country. We have a right to reflect confidence in our basic strength—economic, political, and spiritual—and in the soundness of our decisions which have been tested by time and experience and by the approval of the free world.

II

The next question is with whom should we work, and whom should we bypass? It should be remembered that in fighting the struggle in the Pacific during World War II, we did not think it necessary to defeat the Japanese by occupying every area in the Pacific in series.

There were very strongly held Japanese areas which were not seized, but left behind to be starved out. In other words, we bypassed those areas. What we are being challenged to do today is to participate in every struggle and problem and provide a way to solve them. That is not the way of life. We should do what we normally do, and bypass particular situations which we cannot adequately cope with at the moment.

Everybody knows where the trouble spots are: France and Algeria; Lebanon; Indonesia; South America, notably Uruguay, Peru, Bolivia, and Venezuela. Not as many people, however, recognize and remember that we have points of strength, too, which not long ago were points of trouble. They include the German Federal Republic, Italy, Greece, and Turkey; Israel—which was torn by strife only a decade ago—and also Iran, Pakistan, Vietnam, Korea, Taiwan, Japan, the Philippines, and Mexico. Those were all areas of difficulty in another day, but today they are areas of relative strength because we consistently pursued policies backed by sound resources, and because we have made our policies stick.

In addition, of course, there are the other staunch members of the free world, such as the United Kingdom, the Scandinavian countries, Belgium, Brazil, Canada, Australia, and New Zealand, all with very long-standing, continuous constructive records in their relations with us. Even the Dutch, who suffered only very recently liquidation of a great overseas empire, now show great productive strength, as anyone who has read the morning's newspapers will note.

The economic aspects of the mutual security program are estimated to aggregate \$1,500 million for the fiscal year ending June 30, 1958, with approximately \$1,180 million committed for bilateral and regional economic aid under the Mutual Security Act. Of this amount, defense support accounts for \$729 million, and the balance is accounted for by nonregional projects like Atoms for Peace, malaria control, UNWRA in Palestine, and similar expenditures. This year, assuming that the program is enacted substantially as presented, approximately the same amount is expected to be spent. It is

noteworthy that the overwhelming bulk of this amount will move to those countries which represent positions of strength for the free world. For example, 70 percent of the \$835 million of funds for defense support requested in the bill goes to four countries, namely, Korea, Vietnam, Formosa, and Turkey, while more than half goes to Korea and Vietnam alone. In addition to these countries, heavy expenditures for economic aid go to Greece, India, Iran, Israel, Pakistan, the Philippines, Thailand, Jordan, Morocco, Laos, and Cambodia.

In this respect, I should like to call the attention of my colleagues to an extremely interesting analysis of what the United States is doing in the world in terms of world economic development. The analysis was published in the January 1958 issue of *Fortune* magazine under the title of "The Migration of United States Capital."

Mr. President, the article shows a perfectly remarkable record, and one to which we should point with considerable pride. It demonstrates that it is always darkest before the dawn, and that perhaps we do not realize that with a little extra drive we can really accomplish the objective which we seek to accomplish; to wit, making immeasurable progress in furthering free institutions, in providing higher standards of living, and in increasing the economic development of the great mass of people in the underdeveloped areas of the free world. Let us remember that these peoples have just found freedom and self-government since the end of World War II, a good deal through the initiation of policies by the United States Government and followed under its leadership, regardless of administration.

These figures show that what the United States is today investing, from public and private sources, when coupled with investments made by Britain, France, and Belgium, the primary investing countries abroad, is putting into underdeveloped areas, from both public and private sources, about \$6 billion a year. An analysis of the article shows that the optimum figure that these areas can absorb right now, which will do most for them in terms of their development, is about \$8 billion a year.

That is getting very close to what the bill provides, and which ought to be paid for in terms of our own self-interest and in terms of the development of the free world.

Serious criticism has been made of economic aid to Yugoslavia and Poland and to Spain, and there is little question about the troublesome nature of aid to totalitarian countries whether Communist or Falangist, but here, too, where the urgent requirements of free-world defense or the encouragement of a basic spirit of independence within the Communist bloc is to the free world's interest, we need to have enough flexibility and boldness to act with decision and purpose.

In short, without in the least disagreeing with the inherent moral stand of those who would have us give no aid or trade to dictatorships—and certainly

my whole record indicates that I feel the same moral conviction—it is, nevertheless, not incompatible with our own position in the world that we do not have to judge every program by the same standards. We are dealing with positions of strength, as I have just outlined. We must encourage independence within the Communist bloc. This is the responsibility of world power. We need to have enough flexibility for that purpose.

We can and should, however, bypass Communist-oriented areas if they are using us only to bid up the other side or to strengthen themselves to make mischief for us. A case in point is the allegation that the United Arab Republic is fomenting civil war in Lebanon. Certainly the State Department ought to be able to advise us upon this fact, and we ought to have the fortitude to cease cooperation with those who are seeking to undermine and destroy us.

III

The aggregate of our economic aid and technical assistance programs, excluding defense support, comes to about \$770 million annually, and even when there is added to this disposal of surplus farm commodities and Export-Import Bank loans and similar financing operations, the aggregate is in the area of \$3 billion annually. That this is inadequate to show measurable progress for the people in the underdeveloped areas, which is the test by which they will judge the situation, is testified to by the experts we have put on the job as well as by the competition of the Soviet Union.

Here I emphasize two points. I agree with the distinguished Senator from Oregon [Mr. MORSE], for whom I have the deepest respect, that we are spending too little for economic and technical assistance. But I do not agree that we are spending too much for military assistance. I do not feel that we need to reduce military assistance only for the sake of reduction in order to increase economic and technical assistance. I feel we should spend what is needed for military aid.

But I believe economic aid and technical assistance, which are our offensive weapons, must stand on their own, and that the requirement of the additional expenditures which are required, considering our total world situation, is so small that it is sad that we should even be questioning it.

As I pointed out when I began, there may be a difference between policy and expenditures. There may arise the question of the possibility of failure. If we spend \$3 billion, it may not close the gap. If we spend \$5 billion, it may be more than enough.

So I earnestly recommend, to enable the economic and technical assistance programs of the United States to reach their mark, an expenditure of from \$3 billion to \$5 billion annually. Now I shall cite some of the evidence on that subject.

In a study entitled, "Objectives of the United States Economic Assistance Programs," prepared last year for the Committee on Foreign Relations by Milliken

and Rostow, of the Massachusetts Institute of Technology, for the finding is made that the underdeveloped areas need \$2.5 to \$3.5 billion per year additional from all sources in order to show measurable progress, of which 50 percent or more, considering the economic condition of the world, must come from us.

In short, that is pretty much the figure I have named, \$1,250,000,000, and \$1,750,000,000 additional to come from us.

According to their study, this amount is necessary to maximize additional effort in such countries so that they may come to a stage of self-sustained growth. The test they put is the capability for a country to devote an investment of 10.5 percent of its annual output to its own growth. The present figure in most of Asia is about 5 percent, less than half the amount they recommend.

In terms of what we should do, here I should mention that I have the great honor to be the rapporteur—a sort of international secretary—for a subcommittee of the NATO parliamentarians, that is, the members of the parliamentary organizations of the North Atlantic Treaty Organization countries. Incidentally, the parliamentarians, organization is included among those to receive an authorization in the bill. In that capacity I am engaged, together with my colleagues in each of the other NATO countries, in determining a new concept for possible American foreign-aid partnership with other NATO countries in the development of underdeveloped areas.

This is a most promising field of inquiry. It is a logical area into which I think we may well move. I think it should have the sympathy of both the opponents and proponents of foreign aid, because we will do our job better and will be able to do it more economically. I assure the Senate that the organization takes its work very seriously. I am very hopeful that it will soon be able to produce some results.

There is outstanding cooperation in that regard from our State Department, from the International Cooperation Administration, from the foreign countries which are concerned, and also from a group of American advisors who have been assembled as an advisory board to give us the best possible opinion and governmental guidance upon this subject.

I also pay tribute in this regard to the distinguished Senators who are so active in this particular area: The senior Senator from Rhode Island [Mr. GREEN], who heads our delegation; the senior Senator from Tennessee [Mr. KEFAUVER], who heads the political committee of NATO parliamentarians; the senior Senator from New Jersey [Mr. SMITH], who is the senior Republican on the delegation; and Representative WAYNE HAYS, of Ohio, the immediate past president of the NATO parliamentarians.

Now I turn my attention to a field of competition which we are meeting in technical aid and foreign assistance. This is a subject of most absorbing in-

terest, because it demonstrates that while the Soviet Union has been calling the United States dollar imperialists and generally has been accusing us of trying to subvert the world with dollars, the Soviet Union has been paying us the unparalleled compliment of imitation by endeavoring, themselves, to move forward with economic aid and technical assistance programs.

They are trying to compete in an ideological way by advocating their system as the best way of improving the standards of living. That is a very interesting point, because the Communists apparently have got away completely from the ideological connotations of their system as being the best system, and are now saying that the reason why large areas of the world ought to go Communist is that by so doing they can get the highest standards of living.

I refer in that respect to a fascinating article entitled "Collectivism: It Does Away With Unemployment," written by Palmiro Togliatti, the head of the Italian Communist Party, and published in the magazine *Western World* as a part of a symposium, in which Paul Hoffman, of the United States, spoke for our own system, and Andre Philip, of France, spoke for a purely Socialist society.

It is fascinating that the main argument made by Togliatti for communism is in essence that he claims it produces the highest standard of living—he says nothing about justice, freedom, or individual dignity, integrity or security—for obvious reasons. That seems to me to be indicative of the fact that in our economic and technical aid programs we are on the right track in understanding that this is the field in which the real struggle will take place to determine whether freedom or communism will be successful. I shall read two sentences from Mr. Togliatti's article, which are most indicative of the basis on which the Communists are making their "pitch."

For the last 40 years there has existed, in a great country like the Soviet Union, a socialistic regime based upon ownership of means of production and trade, not by private capitalists, but by society and by the State which is its representative. The problem is then to see whether or not in these 40 years this country's economy—

Meaning the economy of the Soviet Union—

has declined, whether or not it has suffered from booms and "busts," from depressions or, to use a popular term, "recessions," with the resultant waves of unemployment, poverty, and suffering. If such had been the case, the enemies of collectivism would be justified in claiming victory for themselves, and would surely not fail to do so. Tangible proof would exist that a collectivist economy (or, in our preferable term, a socialistic economy) is no better than a capitalistic one. Events, however, have proved that exactly the opposite is true.

In other words, that is one gage of battle which we should be most anxious to pick up—in short, the claim that communism, rather than freedom, can provide the best standard of living. It seems to me that is exactly what is being claimed by Communist leaders throughout the world. In that connection, I have just

quoted a statement by Togliatti, and, of course, it is the essence of Khrushchev's challenge to the United States, namely, that the Communist world is declaring economic war upon us. It seems to me that the dictators generally tell us in advance what they are going to do. Hitler did so; Mussolini told us; Nasser told us; and many other dictators, little and big, have told us. I favor taking them at their word.

So the essence of the struggle is to be found in the field of higher standards of living, in which, as I have pointed out, we are within a short distance of success, if only we "keep our shirts" on and work and fight even harder than before, with more resources and more men, but along the same line.

As I have said, Soviet Communist competition comes in two ways: first, in ideological competition as to the best way for improving standards of living. On the one hand, dictatorship and collectivization through rule of force by a Communist Party elite, as in Communist China; on the other hand, free institutions with incentives for production in rewards of higher living standards and the enjoyment of individual dignity, as in Pakistan and India. All of us know that these barometers are being carefully watched in those very countries, to wit, Pakistan and India.

In addition, as I said a moment ago, the Soviet Union has paid us the compliment of imitation of economic aid, having now put out about \$1,500,000,000 for that purpose, principally in Afghanistan, Indonesia, Syria, and Egypt, within the last 3 years, plus \$400 million in military assistance.

Mr. President, what is need in this field? The Committee for Economic Development, a body which is highly respected for its economic thinking, in its report entitled "Economic Development Assistance, 1957" said:

If definite proposals should be formulated, involving the outlay of, say, \$5 billion in 5 years, in addition to our present economic assistance program, and holding out reasonable promise of a significant contribution to the economic development of the free world, we would regard this as a desirable and necessary investment in our national security, economic, and humanitarian interests.

Mr. President, as bearing directly on the adequacy of the figure proposed by the administration for economic aid under our foreign-aid program, I point out that the Under Secretary of State for Economic Affairs has already stamped the request as at most no more than the barest minimum. The figures I have from the ICA show that at the present time the Development Loan Fund has over \$1.8 billion in loan proposals under consideration, in addition to the \$166 million already approved or earmarked. Each of these proposals is considered to involve the type of activity, and to be located in the geographic area, eligible for financing by the fund, and to deserve serious scrutiny and consideration. In addition, it is expected that these proposals may well exceed \$3 billion before the end of the fiscal year 1959, and that not less than an aggregate of \$1,025,-

000,000 must be committed and earmarked for specific loan proposals before the end of the fiscal year 1959, at the very minimum. While we willingly appropriate billions of dollars for military security, it would seem to me indeed foolhardy to refuse to appropriate \$200 million more for securing the base upon which military security must rest.

Mr. President, to make that point clear, let me state that the situation is as follows: Originally, the administration requested \$1,125,000,000, in 2 years, for a Development Loan Fund, which is the very essence of our economic-aid program. Last year, the administration received \$300 million, instead of \$500 million. Instead of requesting this year \$825 million, the administration has requested \$625 million. I believe that is wrong; the administration should have requested the \$825 million which it knows it needs; and I believe Congress now has the great opportunity to see that it is not parsimonious in providing for the security of the country, in terms of such an expenditure. Certainly I propose to do my utmost in that respect, and I hope others will do likewise.

I have said that \$1 billion or more a year is needed. The Committee for Economic Development has said the same. But the administration has not requested it. Obviously the Congress cannot cram additional amounts down the throat of any administration. If Congress were to do so, an administration would not have any plan to use it. But the point is that in our country, when public opinion becomes informed, enlightened, and determined, the Government acts. I deeply believe that in terms of this economic aid, we are building a bridge which is strong enough and sufficiently effective if it is long enough to reach the other side of the stream. On the other hand, if the bridge is only a few feet short, it will fall into the river.

Hence, the need for the additional funds I have suggested. I shall do my utmost to have the Congress provide for the administration everything it can possibly program, even though it has not requested it—which I believe is a mistake. But, in my opinion, it also is necessary for the Congress to blueprint and to outline the means by which the bridge can be built in such a way that it will reach the other side of the stream, especially when the world situation is involved, and especially when such an amount, as compared to what the rest of the world is doing, is required if we are to reach our objective.

The news that India's worried political leaders have cut back that country's second 5-year plan in such a crucial aspect as the community development program, properly called India's quiet revolution, lends deep emphasis to the need for adequate economic aid. What is involved is about \$500 million in foreign exchange, over and above what already has been made available; and this to be on a loan, not a grant, basis. Mr. President, let us make no mistake about it: India is grateful for our additional aid, recently given in the amount of \$225 million, and for our aid consistently maintained under the mutual-

security program at a level of about \$85 million a year. Its people are not making any demands on us. But do we feel, in our own interests and in the interests of free-world security, that we have done what we should do? If the comparisons between economic progress in Communist China and that in free India are adverse to the latter, and if its people are moved by the comparisons toward the Communist orbit, shall we then ask ourselves what would we have spent to keep India free? There is nothing hypothetical about that; we faced that very rough question when mainland China went Communist. In other words, the question then was how much we would have spent to keep mainland China free.

Mr. President, within the last year I visited India. Although I do not claim, as a result, to be an expert on the situation in India, at least I tried to do a thorough job. The people of India are carefully watching Communist China, and are making careful comparisons between how they, themselves, are getting along and how the people of Communist China are getting along.

I believe that every day one lives through such an experience emphasizes the importance of the Kennedy-Cooper resolution on India's development plan, which is contained in the pending bill, and which pledges our moral support—certainly a very important pledge—to back up India in her second 6-year plan.

Mr. President, as I have already stated, we cannot make the executive branch of the Government program more than it has, although I wish we could. And I fully understand its our self-imposed restraint in terms of what it knows public opinion and congressional opinion to be on this subject. But certainly we can serve clear notice that we shall do our utmost to marshal the support of public opinion throughout the country to make the executive branch of the Government bolder than apparently it is, so that the next time it will build the bridge all the way across, not just part way.

Mr. President, in addition to the other points with respect to the underdeveloped areas and our interest in them, we must not overlook the fact that we have a tremendous stake in raw materials from the underdeveloped areas, and that that stake is growing larger all the time. Indeed, our domestic industrial machine is heavily dependent upon the manganese, hemp, tin, natural rubber, cobalt, and chrome, three-quarters or more of which we derive from these areas.

Finally, it is said that incentives to productivity are lacking in our society because markets are so fully supplied at home; but every high-school student knows that any effort to materially improve standards of living in the underdeveloped areas is bound to keep the United States and the other industrial nations of the world humming for a century, so great is the need. A recent United Nations report showed that 760 million people in the free world—let alone the Communist world—live in countries where they have a national

product of under \$100 per head, and that 140 million live in countries where the national product is under \$200 per head. Standards of housing, sanitation, health, and communications in those countries, except for the elite, are well nigh intolerable. They need the very things we need to produce to maintain a stabilized prosperity; machinery, equipment, and durable goods generally. The missing ingredient is credit, and we have learned that, given life expectancy, education, and free institutions, the best security in the world is people. Six hundred thousand Americans are already estimated to be at work supplying exports under the foreign economic aid program.

The possibilities in that particular area are unbelievable, indeed limitless, if we but begin to use our weight and our strength in order to develop this tremendously underdeveloped free world.

I have made the point that we need \$5 billion a year for this purpose from the public sector, and that we are today spending roughly about \$3 billion. I have also said that if we could, and we should, increase our expenditures by \$1 billion, it would result in an immediate program of \$4 billion.

The other point to which I should like to direct attention is the question of the number of persons needed. Many more people are needed to do the job in order to bring American competence and American standards right on the ground of the needy nations.

We hear a lot about the technical assistance program, but in the point of number of Americans abroad engaged in this activity, there is a very thin number of Americans.

About 7,000 Americans are engaged in the administration of these programs and technical assistance abroad as illustrated in the breakdown given in the following chart:

Americans employed in United States foreign-aid programs and technical assistance abroad

Americans employed by ICA in Washington.....	1,799
Americans employed by ICA abroad.....	3,684
United States participating agencies.....	587
Department of State.....	904
Total	6,974

Source: ICA—figures as of December 31, 1957.

The technical assistance possibilities, both public and private, in terms of personnel are infinitely greater. Where we fall short is in training personnel in language and other qualifications for the purpose. Our national interest and the free-world interest require us to have 250,000 young men and women available for such overseas activities throughout the world.

In the same spirit, we fall far short, in boldness of action, in the number of students from abroad who study here. Foreign students number 40,000 in American colleges and universities now; there ought to be not less than 250,000—out of our total higher-education population of 3 million. Indeed, 250,000 is the minimum estimate of the foreign students studying in the Soviet Union.

Boldness in our foreign policy needs to be shown especially where we are having major difficulties. For example, if we have the personnel, special missions should now be going into Latin America on a regional or country-by-country basis to ascertain needs and requirements in our relations with these countries. We should be considering what we can do to help with the commodity price problem so critical to Brazil's coffee, Chile's copper and nitrate, Venezuela's oil, Bolivia's tin, and similar situations. We should be working on hemisphere development financing, as well as closer groupings in the other American Republics, like customs unions and more intensive intercommunication and trade, through railroads, radio, telegraph, and television. Our participation as a working force in the life of the Western Hemisphere needs to be enormously accelerated.

IV

Now, Mr. President, I come to my fourth point. The greatest single deficiency in our foreign policy program, aside from this lack of resourcefulness and boldness and lack of personnel, is the inadequate utilization of the United States private economy, the major way in which all these deficiencies might be overcome.

It is for that reason, Mr. President, that I am proposing an amendment to the bill calling for a study "of the ways and means by which the role of the private sector of the national economy can be more effectively utilized in foreign technical assistance, coordination with United States and other foreign-aid programs, and otherwise in the foreign-policy efforts of the United States."

In that respect I am greatly honored to have the present Presiding Officer, the Senator from Wisconsin [Mr. PROXMIRE], as a cosponsor with me on this amendment.

Mr. President, I now ask unanimous consent that there may be added as an additional cosponsor to the amendment the name of the Senator from North Dakota [Mr. LANGER].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I point out the success of such an approach realized in the special study on travel just made by the President's special representative, the Honorable Clarence Randall, pursuant to an amendment I proposed to the mutual-security bill passed last year—the objections made to that amendment were exactly the same objections made to the current private enterprise amendment—notwithstanding that travel studies have been made by various Government departments for years in the same way as ICA, the State Department, and various private groups have been studying the problem of promoting greater private investment overseas. The point is that recommendations need to be called for directly in connection with the coordination of such investment and overseas business activity with United States foreign policy.

Indeed, foreign private investment is in the process of a development which may well be called explosive. It is based, of course, on the underpinning of roads,

harbors, irrigation and reclamation projects, dams, education, and sanitation, assisted by Government foreign economic aid, but foreign private investment is indispensable in its own right.

Mr. President, when I began my statement, I alluded briefly to the figures given in *Fortune* magazine for January 1958. I should like to repeat those figures at this time.

Fortune magazine, in its January 1958 issue, estimates that in 1956 and 1957 the average outflow of United States private capital jumped more than two and one-half times over the average for the decade ending 1955, increasing from \$1.6 billion per year to \$4.3 billion per year, and of this total, about \$1.2 billion represented short-term lending and portfolio investing, and \$3.1 billion represented direct investment of United States corporations in foreign branches and subsidiaries.

Fortune estimates that within 10 years we shall see an increase of almost 100 percent with the aggregate value of United States private investment abroad now at roughly \$37.5 billion—double what it was in 1950—shooting up to \$90 billion.

Already 15 percent of corporate profits after taxes of American corporations are attributable to earnings from these investments, and the aggregate United States foreign market, both from exports of goods and services and sales of branches and subsidiaries of 2,500 United States firms operating abroad, is now on the order of \$60 billion a year.

This expansion points up the basis of foreign economic aid as an anti-recession factor. For this is a capital goods recession and the greatest room for expansion in capital goods sales is in the export areas of our economy right now. Whatever may be said about the overexpansion of United States production capacity in some industries, there can be no question of the dearth of capital goods in the less developed areas of the free world. *Fortune* magazine reports that such capital goods producers as American Radiator, International Harvester, National Cash Register, and the International Business Machines are earning 30 percent or better of their net profit abroad. The leverage right now is in United States foreign trade. It slumped 10 percent in January 1958, compared with January 1957, when it should have been moving up. This is a key place to apply economic stimulation, and the programs I am proposing will do it.

Granted the weighting of United States private investment favors places like Canada and the other American Republics in oil exploration and similar mineral extractions, and the relative minority of such investments in manufacturing and similar enterprises in the less developed areas, the figures on the likely expansion through United States private investment of the volume of production conducive to improving standards of living in the less developed areas are nevertheless explosive in character.

To give one example of what a study tied in with congressional authority can do, I invite attention to the fact that

Argentina, Brazil, Chile, and Mexico are not in the mutual security guaranty program for private investments because we have been unable to conclude suitable Government agreements with them. Yet those countries are the key to United States private investment in the other American Republics with a reported \$50 million in investment in Brazil alone awaiting the successful negotiation of a United States-Brazil agreement on private investment guaranty.

Just as I urge upon the Senate the need for increased and assured foreign aid both as essential to our national interests and as a necessary condition precedent to growing United States private investment abroad, so too I believe the study of the interrelation of Government foreign economic aid and private investment and the possibilities for their coordination to be urgently required.

Mr. President, to sum up, I have made four points.

First, though we have areas of weakness and difficulty in the world, we have areas of tremendous strength. We should, as we do in life, utilize to the full the areas of strength, in order to deal more effectively with the areas of weakness.

Second, Mr. President, in our economic aid and technical assistance programs we are absolutely on the right track, and the Russians have confirmed that we are on the right track, because they are trying to do the same thing. Mr. President, our difficulty is that we are not backing up the foreign aid program with enough money and enough men. These are the urgent matters of high priorities which our foreign policy planners both in and out of the Congress understand.

Third, Mr. President, I have pointed out the glaring deficiency in the foreign policy efforts of the United States, in that we are not utilizing effectively the private economy—instead we are trying to fight the Russians with one hand tied behind our back. The figures are very clear, Mr. President. The aggregate Soviet economy produces roughly \$150 billion a year, but is mobilized 100 percent in the struggle. There is no question about that. One man pushes the buttons and that is it. In this country the most the Government spends in the aggregate is in the area of \$70 to \$75 billion a year, yet the gross national product of the United States is over \$430 billion a year. The rest of the gross national product is in the private economy. We are fighting the whole battle, roughly speaking, in terms of the fundamental governmental organization, with 20 percent or less of the totality of the effort we can put in the struggle.

Mr. President, the strength we have is in the private economy. We want to keep it a private economy, and we do not want to socialize it, but that fact does not mean we should overlook its potential in coordination with the public sector and the public effort of the United States in the foreign affairs field.

Mr. President, I conclude by pointing out that one of the things which so many of us do not do enough is read what the Communists say about themselves. Interestingly enough, almost everything I

have discussed today is confirmed in an article in a Communist journal called *Economic Questions*, issued by the Soviet Academy of Sciences in June 1957, written by one V. Alkhimov. What Mr. Alkhimov says, in practical effect, is, the reason the Soviet Union is going to win the struggle, in terms of control of the world, for its ideas of totalitarianism and statism, is that the Soviet Union is going to do a better job in terms of economic well-being.

When we strip the whole article down to its essentials, that is exactly what the man says. That is exactly the Soviet purpose, and exactly what the Russians are attempting to do.

Nothing could be more logical than that we should marshal, not simply a part of our forces, but all of our forces to engage in this struggle, for as soon as we do, the cards will be stacked on our side. This is a field in which our great genius and great initiative in terms of production has taken place. If we have any reputation in the world, it is a reputation built upon a genius for producing goods and raising standards of living. If we cannot do that job, it would be a shocking blow to every value which we hold dear and as to which we have confidence.

We can do the job if we will organize for it. What the Communists are banking on, Mr. President, is an absolute conviction on their part that we will not organize for the job. The Russians know if we do organize for the job, they will be absolutely and conclusively defeated. Therefore, if we see the Russians working for coexistence, oriented toward a life in which they will be part of a world fundamentally dominated by individual dignity and human freedom, we may know they are beginning to believe we will marshal all our resources for the purpose of winning the struggle, because they know if we do we can absolutely win the struggle.

Mr. President, a few keys to the Soviet thinking are contained in this very significant article I mentioned. Mr. Alkhimov says:

Cooperation between the Soviet Union and economically underdeveloped countries is already one of the most important factors of international life. Its significance is now admitted not only in the Soviet Union and the economically underdeveloped countries but even in the capitalist states of the West. In a document on Soviet technical aid to underdeveloped countries published in 1956 in the United States by the Subcommittee on the Technical Aid Program of the Foreign Affairs Committee it is admitted that "Soviet technical and economic aid is a fact, and, moreover, it is a fact of enormous significance."

Then, Mr. Alkhimov goes on, Mr. President, to develop the point that the U. S. S. R. has a great opportunity for developing broad economic cooperation with the underdeveloped countries on the basis of mutual advantage, and he points out that the Soviet Union engages primarily in bilateral trading with these countries.

Mr. Alkhimov further points out:

The U. S. S. R. is also ready to cooperate in training domestic personnel for higher qualification in industry and other branches

of the national economy of underdeveloped countries, enabling citizens of these countries to study in Soviet institutions of higher education and to acquire experience in Soviet enterprises.

I ask, Mr. President, whether that is not very sharply reminiscent of a program which we have been pursuing for a good many years.

Finally, Mr. President, Mr. Alkhimov sums up as follows on page 6 of his article:

The most important form of economic cooperation of the U. S. S. R. with other powers, including the countries which are poorly developed in regard to economic relationships, is foreign trade on the basis of the preservation of mutual interests and noninterference in internal affairs. The U. S. S. R. proceeds on the indisputable idea that international trade has great significance not only from the economic point of view but also from the point of view of the adjustment of social relationships between countries and the strengthening of peace in the entire world.

It seems very clear that the Soviet Union expects to marshal its economic resources to make the people of the world, especially people in the underdeveloped areas, forget all about its repressions, its brutality, its terrorism in Hungary and other countries, its subversion and infiltration, its terrorizing of the individual, and its deprivation of

the individual of any human dignity or human freedom, because it believes that the key to the minds of the peoples of the world who have just obtained their freedom and are emerging from primitive states of economic being is what can be done in terms of improving their standards of living.

I believe that, too, but in addition, I believe that we have the tremendous power of the ideal of freedom, which we represent. Given the two together, our victory, in terms of free institutions and peace, is absolutely sure, provided we marshal our resources for the purpose. The Soviet Union is depending upon us not to do so.

The Marxists and Leninists believe that the organization of capitalistic society is such that we cannot do so.

We know that we can do so, given the will, provided we open our eyes to the realities of the world situation. That is the purpose of my talk today. I hope very much that my voice, together with that of many others, both in the Congress and in the country, may help the American people see how their fundamental interests are involved, and induce them to marshal the needed resources, which can indisputably win the struggle for peace, freedom, and human dignity.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 171) to amend section 217 of the National Housing Act.

The message also announced that the House had passed the bill (S. 734) to revise the basic compensation schedules of the Classification Act of 1949, as amended, and for other purposes, with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its amendment, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY, Mr. MORRISON, Mr. DAVIS of Georgia, Mr. REES of Kansas, and Mr. CORBETT were appointed managers on the part of the House at the conference.

ADJOURNMENT

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. JAVITS. Mr. President, I move that the Senate adjourn.

The motion was agreed to; and (at 2 o'clock and 31 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, June 3, 1958, at 12 o'clock meridian.

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 2, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 63, line 24, strike out "\$2,400,000,000" and
- 2 insert in lieu thereof "\$2,296,000,000".
- 3 On page 64, line 2, strike out "\$235,000,000" and
- 4 insert in lieu thereof "\$339,000,000".

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

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85TH CONGRESS
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H. R. 12181

IN THE SENATE OF THE UNITED STATES

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AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 35, line 3, immediately after "SEC. 5." insert
2 “(a)”.

3 On page 35, between lines 12 and 13, insert the following
4 new subsection:

5 “(b) Title I, chapter 4, of the Mutual Security Act of
6 1954, as amended, which relates to general provisions relat-
7 ing to mutual defense assistance, is amended by adding at
8 the end thereof the following new section:

9 “‘SEC. 145. PROHIBITION AGAINST AID TO SAUDI
10 ARABIA.—Notwithstanding any other provision of law, no
11 assistance under this title or any other title of this Act shall

1 be furnished to Saudi Arabia after the expiration of ninety
2 days following the date of the enactment of the Mutual
3 Security Act of 1958.' ”

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to
the bill (H. R. 12181) to amend further the
Mutual Security Act of 1954, as amended,
and for other purposes.

JUNE 2, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 2, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 34, beginning with line 12, strike out down
2 through line 21 and insert in lieu thereof the following:

3 "SEC. 3. Title I, chapter 1, of the Mutual Security Act
4 of 1954, as amended, which relates to military assistance,
5 is further amended as follows:

6 "(a) Strike out subsection (a) of section 103 and insert
7 in lieu thereof the following:

8 "'(a) There are hereby authorized to be appropriated
9 to the President such sums as may be necessary from time
10 to time to carry out the purposes of this chapter, which sums
11 shall remain available until expended.'

1 “(b) Add the following new sentences to section 105
2 (b) (4) : ‘The President annually shall review such findings
3 and shall determine whether military assistance is necessary.
4 Internal security requirements shall not normally be the
5 basis for military assistance programs to American re-
6 publics.’ ”

7 On page 34, beginning with line 22, strike out down
8 through line 2 on page 35 and insert in lieu thereof the
9 following:

10 “SEC. 4. Title I, chapter 3 of the Mutual Security Act
11 of 1954, as amended, which relates to defense support, is
12 further amended by striking out subsection (b) of section
13 131 and substituting the following:

14 “ ‘(b) There are hereby authorized to be appropriated
15 to the President such sums as may be necessary from time
16 to time to carry out the purposes of this chapter, which
17 sums shall remain available until expended.’ ”

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. PROXMIER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 2, 1958

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Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

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AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 35, line 3, immediately after "SEC. 5." insert
2 “(a)”.

3 On page 35, between lines 12 and 13, insert the follow-
4 ing new subsection:

5 “(b) Title I, chapter 4, of the Mutual Security Act
6 of 1954, as amended, which relates to general provisions
7 relating to mutual defense assistance, is amended by adding
8 at the end thereof the following new section:

9 “SEC. 145. PROHIBITION AGAINST AID TO CUBA.—
10 Notwithstanding any other provision of law, no assistance
11 under this title or any other title of this Act shall be furnished

1 to Cuba after the expiration of ninety days following the
2 date of the enactment of the Mutual Security Act of 1958.'”

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to
the bill (H. R. 12181) to amend further the
Mutual Security Act of 1954, as amended,
and for other purposes.

JUNE 2, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
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H. R. 12181

IN THE SENATE OF THE UNITED STATES

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AMENDMENTS

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1 On page 35, line 3, immediately after "SEC. 5." insert
2 “(a)”.

3 On page 35, between lines 12 and 13, insert the follow-
4 ing new subsection:

5 “(b) Title I, chapter 4, of the Mutual Security Act of
6 1954, as amended, which relates to general provisions relat-
7 ing to mutual defense assistance, is amended by adding at the
8 end thereof the following new section:

9 “SEC. 145. PROHIBITION AGAINST AID TO THE
10 DOMINICAN REPUBLIC.—Notwithstanding any other pro-
11 vision of law, no assistance under this title or any other title

1 of this Act shall be furnished to the Dominican Republic
 2 after the expiration of ninety days following the date of the
 3 enactment of the Mutual Security Act of 1958.' ”

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to
 the bill (H. R. 12181) to amend further the
 Mutual Security Act of 1954, as amended,
 and for other purposes.

JUNE 2, 1958

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 4, 1958
For actions of June 3, 1958
85th-2d, No. 88

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HIGHLIGHTS: Senate committee reported omnibus transportation bill. Senate debated mutual security bill. Sen. Humphrey discussed farm prices. House subcommittee ordered reported proposals for dairy program and to make various amendments regarding ASC committees. Sen. Wiley introduced and discussed bill to authorize HEW to aid States in administration of surplus food program.

SENATE

- 1. TRANSPORTATION.** The Interstate and Foreign Commerce Committee reported with amendments S. 3778, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system (S. Rept. 1647). pp. 3929-30
Sen. Smathers and others spoke in favor of repeal of the transportation tax. pp. 3941-50
- 2. FOREIGN AID.** Continued debate on H. R. 12181, the mutual security authorization bill. pp. 8931, 8934, 8941, 8950-7, 8961
- 3. FARM PRICES.** Sen. Humphrey analyzed current farm prices and stated that they compare unfavorably with the 1952 level. p. 8938
- 4. PROPERTY; INSPECTION SERVICE.** The Government Operations Committee ordered reported S. 3142, to extend authority to lease out Federal building sites until needed for construction purposes; S. 3873, to amend Sec. 201 of the Federal Property and Administrative Services Act so as to authorize the interchange of inspection services between executive agencies; and H. J. Res. 427, to grant to Kerr County, Tex., the Federal reversionary interest in a tract which had been made available for 4-H club use. p. D491
- 5. ALASKA STATEHOOD.** Sen. Allott inserted a speech by Secretary Seaton favoring Alaska statehood. pp. 3938-40
Sen. Neuberger inserted a letter from the Wildlife Management Institute favoring protection of Alaska wildlife resources in connection with statehood

and a St. Louis Post-Dispatch editorial favoring Alaska statehood. pp. 8960-1

6. ELECTRIFICATION. Sen. Dworshak inserted a newspaper article to clarify the position of Oregon Republicans regarding hydroelectric power resources. p. 8937

HOUSE

7. DAIRY INDUSTRY. The Dairy Subcommittee ordered reported to the Agriculture Committee a draft of proposed legislation on dairy products for inclusion in an omnibus farm bill. p. D492
8. ASC COMMITTEES. A subcommittee ordered reported to the Agriculture Committee with amendments H. R. 12669, to make various amendments to legislation regarding ASC committees. p. D492
9. DEFENSE APPROPRIATION BILL. Began debate on this bill, H. R. 12738. pp. 8981-9019
10. FOREST SERVICE. Received from the Comptroller General an audit report on activities in Regions 3, 4, and 8 of the Forest Service for June 1957. p. 9030
11. FOREIGN TRADE. Rep. Beamer urged Congress to reassert itself and restore its former position in formulating foreign trade policies. p. 8974
Rep. Bailey inserted a legal firm's statement that it would be constitutional to provide for congressional review of Presidential actions on escape-clause recommendations under the Trade Agreements Act. p. 9020
12. WATER CONSERVATION. Rep. Bow commended the Muskingum Watershed Conservancy District. pp. 9019-20

ITEMS IN APPENDIX

13. WILDERNESS AREAS. Sen. Humphrey inserted excerpts from an address by the N. Y. Commissioner of Conservation favoring protection of wilderness areas. pp. A5031-2
14. FOREIGN AID. Extension of remarks of Sen. Hickenlooper including an article, "Foreign Aid Vital to United States Security." pp. A5033-4
15. ACREAGE ALLOTMENTS. Rep. Hemphill inserted an editorial stating that farm production controls may not be needed by 1975. p. A5041
16. FOREIGN TRADE. Rep. Porter inserted his speech favoring continuation of the Trade Agreements Act and discussing plywood imports. pp. A5045-7
17. ORANGE PRICES. Extension of remarks of Rep. Vanik stating that increases in orange-juice prices are unjustified and including an article on this matter. p. A5054

BILLS INTRODUCED

18. SURPLUS FOODS. S. 3930, by Sen. Wiley, to amend section 416 of the Agricultural Act of 1949, as amended; to Agriculture and Forestry Committee. Remarks of author. p. 8930
19. EDUCATION. S. 3932, by Sen. Yarborough, to provide for Federal assistance for the construction and expansion of public community junior colleges; to Labor and Welfare Committee. Remarks of author. p. 8961

cent of gross income, up to 50 percent of net income, is a \$1 billion tax favor for the oil industry.

This tax favoritism toward the oil industry is gross discrimination against other industries. While the general corporate rate is now 52 percent, the 27 biggest oil companies paid only 17 percent on their net incomes between 1945 and 1954, and one large oil company paid only 9 percent on its profits.

If the 10 largest oil companies had paid the same average taxes as other large industries in 1955, the Treasury would have received an additional \$600 million.

Besides this large tax loss, the depletion allowance also causes an immeasurable, permanent loss in natural resources, by encouraging unnecessary exploitation by prospectors who jump into the oil and mining industries to take advantage of this income-tax discrepancy.

With wells in oil-producing States now running only 7 days a month, any alibi about incentive taxes to encourage exploration for new oil has evaporated.

According to sober and responsible estimates, my amendment would recover half a billion dollars in taxes for the Federal Treasury.

Mr. President, one of the most disturbing developments of our time is the growing concentration of great wealth in the hands of those who operate the oil and gas industry and those who control the great insurance companies. In both cases, the staggering economic power that they are piling up, which dwarfs anything dreamed of by the robber barons of the 19th century, is a direct result of tax favoritism on the part of the Government of the United States. This kind of economic power has infiltrated and subverted political activity in an insatiable effort to win ever greater tax privilege.

Mr. President, there is no reason to postpone the long overdue curtailment of the favoritism shown the oil and gas industry.

The PRESIDENT pro tempore. The amendment will be received, printed, and referred to the Committee on Finance.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. MORTON. Mr. President, I submit an amendment intended to be proposed by me to the pending bill, House bill 12181, a bill to amend the Mutual Security Act of 1954, and ask that my amendment be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received and printed, and will lie on the table.

Mr. MORTON. Mr. President, the amendment which I intend to offer deals with the subject of the expenditure of counterpart funds by Members of Congress. I should like to have it fully understood that I support congressional travel. I think travel by Members of Congress is desirable. I felt that way as an officer of the State Department, and I feel that way as a Member of Congress.

However, I believe there should be public disclosure of expenses incurred. I do not desire any limitation on travel, and I believe that counterpart funds should

be used. They are being eaten up by inflation in most countries. All we need is disclosure.

Not long ago we had before us a bill dealing with union welfare funds. It was very vehemently argued that what was necessary was not regulation, but disclosure. I think that is all that is needed in this case.

My amendment would merely require the filing of an expense account by the Member of Congress when he returned home, which account would become a matter of public record. When I traveled as Assistant Secretary of State, not only did I make an official report to the Department, but it was made a matter of public record, for public information. I do not mind making my expense accounts public when I travel as a Member of Congress. I believe that making such accounts public would safeguard the entire system. That is all we need to do to stop irresponsible talk and rumors in this connection. If there have been any abuses in the past—and I must admit that probably there have been isolated cases of abuse—such abuses can be avoided if we adopt a simple amendment which will lead to public disclosure.

Mr. WATKINS submitted an amendment, intended to be proposed by him, to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. SMATHERS submitted an amendment, intended to be proposed by him, to House bill 12181, supra, which was ordered to lie on the table, and to be printed.

Mr. HUMPHREY submitted an amendment, intended to be proposed by him, to House bill 12181, supra, which was ordered to lie on the table, and to be printed.

EXTENSION OF CERTAIN CORPORATE AND EXCISE TAX RATES—AMENDMENT

Mr. COTTON. Mr. President, I submit, for appropriate reference, an amendment to the bill (H. R. 12695) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

As Senators know, H. R. 12695, which now is pending before the House of Representatives, provides for a 1-year extension of the existing corporate and excise tax rates.

This amendment provides a moratorium on retailers' and manufacturers' excise taxes. The temporary suspension of these taxes would last until December 31, 1958.

This is one tax cut which will start the ball rolling toward a recovery from the present slump, and yet will not embark the Government on a permanent, long-term reduction of revenues. It will lay the foundation for a period of sound, sustained growth in the economy.

The moratorium on excise taxes, as provided by the amendment, would be the signal for a nationwide bargain sale, and would be a fast acting shot in the arm for sales, production, and employ-

ment. It would stimulate manufacturers and businessmen to cut their prices, and would result in real, across-the-board price cuts in almost every line of goods.

Such a moratorium would help most the industries which have been hit hardest—steel, automobiles, appliances, and manufactured goods. It would help consumers, by lowering costs. It would strike a direct blow against a major cause of the recession—namely, high prices and buyer resistance. And, by producing lower prices, it would raise a new barricade against inflation.

Frankly, Mr. President, I believe the hour is late for a moratorium on excise taxes. But it is not too late. Such a tax suspension will still do wonders for the economy, for the unemployed, and for the consumer, in my opinion. It will adapt for the Government the same technique that wise businessmen have used for years—namely, a bargain sale whenever sales are lagging and shelves are filling.

The PRESIDENT pro tempore. The amendment will be received, printed, and referred to the Committee on Finance.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. GREEN:

Address, entitled "Woman's New Role in the World," delivered by him on June 2, 1958, at Western College for Women, Oxford, Ohio.

By Mr. TALMADGE:

Address delivered by Senator RUSSELL at the commencement exercises of Georgia State Teachers College on June 2, 1958.

By Mr. WILEY:

Statement by him on progress toward better provision for the needs of brilliant children.

By Mr. SMITH of New Jersey:

Prayer by the Chaplain of the Senate and address by Adm. Oscar Badger, United States Navy (retired) at Memorial Day ceremonies and dedication of a pipe organ at the State Teachers College, Montclair, N. J.

By Mr. HOBLITZELL:

Address delivered by Dr. Irvin Stewart, president of West Virginia University, on Monday, June 2, 1958, at the 88th annual commencement exercises of West Virginia University.

By Mr. HUMPHREY:

Address entitled "The Problems of the Press in the Atomic Age," delivered by Mr. Basil O'Connor, president of the National Foundation for Infantile Paralysis, at the Nuclear Energy Writers Association seminar, March 28, 1958.

Excerpts from address delivered by Sharon J. Mahns, commissioner of conservation, State of New York, at annual meeting of Oneida Lake Association.

By Mr. MORTON:

Article entitled "Stones and Spit," published in the Wall Street Journal of May 15, 1958, being an analysis of the effects of the Vice President's recent trip to Latin America.

By Mr. HICKENLOOPER:

Article entitled "Foreign Aid Vital to United States Security," written by Gould Lincoln and published in the Washington Evening Star of May 31, 1958.

A NATION STILL YOUNG—ADDRESS BY SENATOR JOHNSON OF TEXAS

Mr. PROXMIER. Mr. President, the distinguished majority leader, the senior Senator from Texas [Mr. JOHNSON], delivered on last Saturday a commencement address to the graduating class of the University of Houston. In the address, he soberly assessed the reasons for the decline of American leadership, and challenged his youthful audience to meet with boldness and imagination the problems and opportunities of tomorrow.

Nations, like people, said the majority leader, grow older and assume the burdens of maturity. The American Nation is still young; but across the world there is a rising demand for American greatness, a demand which, unfortunately, we are not meeting. In the last 12 months the "assumption of American leadership among the community of nations in the West has been seriously undermined."

Why is this so? The distinguished Senator from Texas said we have not been fair either to our friends or to ourselves.

With our friends, we have "placed reliance upon dollars alone to buy what cannot be bought; what we once got free by the exercise of inspiration and leadership."

More than that, we have not stood up for our own ideals.

We have preached freedom but patted the foes of freedom on the back. We have accorded friendship to leaders of other governments who stood in those lands for what we oppose at home. We have trafficked in expediency, and sold ourselves down the river for doing so.

And we have deluded ourselves about the problems we have not solved, but should solve.

In the address, the majority leader made it clear that we cannot meet with dollars alone the world's demand for American greatness; we can meet it only by taking spiritual inventory, and by making America "freedom's meeting ground" where the ideas of the free world can be applied with imagination and reason to the problems of the world.

Mr. President, few men of his time can match the record of leadership of the senior Senator from Texas. Nevertheless, this address demonstrates that he faces the challenge of the future with at least as much eagerness as do any of his youthful auditors.

I ask unanimous consent that the address delivered by the majority leader, which is entitled "A Nation Still Young," be printed in the RECORD at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

A NATION STILL YOUNG

(Address by Senator LYNDON B. JOHNSON, of Texas, at University of Houston commencement exercises, Houston, Tex., May 31, 1958)

President Bruce, members of the class of 1958, on your programs, the ceremonies of this evening are described as commencement—a time of beginning.

Unless commencement has changed greatly since I sat where you of this class now

sit, the thoughts that fill your minds at this hour are less of the future than of the immediate past.

For the happy years you have spent on this campus, there is now a time of ending. I am sure that it is not without a measure of sadness—and even of reluctance—that college is left behind.

BURDENS OF MATURITY

That is one of the burdens of maturity. As we grow older, we are not permitted to linger over the certainties of yesterday. We must, instead, turn constantly to meet the uncertainties of each new day and the unknowns of each new tomorrow.

Maturity reserves its rewards for those who turn most willingly to face the future's challenge.

As it is with each of us in our personal lives, so it is also with our Nation.

Nations, too grow older. Nations, too, assume burdens of maturity. With nations, as with individuals, maturity requires a turning away from the certainties of yesterday to meet the uncertainties and unknowns of the present and the future.

At this hour of your graduation, it is fitting, I believe, to make this comparison—for you and your Nation face together much the same sort of challenge, traveling side by side the long road, toward maturity.

A CHALLENGING JOURNEY

Dim as the distant horizon may be, I envy you your journey.

I envy you, not because the course of your journey is safe and foreseeable but because it is not. You will, of necessity, have to meet and to master challenges of greater dimension than any generation before you has faced.

This I consider no fearful prospect, but a future of the very greatest promise. Life without challenge is life without reward.

Whether among men or among nations, absence of challenge can only mean mediocrity—and in such a climate, greatness cannot flourish.

CALL TO GREATNESS

Looking about us at the world today, we can see on every hand a rising demand for American greatness—a greatness of mind and spirit and character and purpose such as has never been demanded of us in the past.

We have come to the time of a great national rebuilding.

We must rebuild the American spirit and, with it, the fiber of the American character.

We must rebuild the American image before the world, and, with it, the world's respect for the principles for which America has stood.

We must rebuild the American position and, with it, the strength of freedom as the most powerful force at work in the hearts of the human race.

And we must realize above all that the path to the future does not lie solely in physical and material resources. We must concentrate on the humanities and the social studies with the same fervor that we pursue the arts of physics and engineering.

It is as important that we learn to get along with our fellow human beings as it is that we learn to build satellites and spaceships.

CERTAINTIES CHALLENGED

From the day you completed your junior year to this night when you come to the end of your senior year, many basic American assumptions have undergone the greatest change and challenge.

The assumption of American technological superiority has been made subject to direct and serious challenge.

The assumption of American economic stability and permanent American prosperity has been dealt a blow which commands respect and attention.

The assumption of American leadership among the community of nations in the West has been severely undermined.

FREEDOM'S WORLD IS SHRINKING

As Americans, we do not live now in the same world we knew 12 months ago. Our resources, our capacity, our knowledge, our competence are the same, undiminished and unfettered. Yet only the willfully blind can fail to see that America's world is shrinking, that the shoreline of freedom is receding.

France, the center of the great North Atlantic line against Soviet imperialism, is disintegrating in chaos.

The Middle East is aflame with the bright fires of nationalism.

North Africa is covered with a pall of smoke from smoldering ruins of colonialism.

Canada stirs under an awakening spirit of independence and challenge to our policies.

The once friendly lands to the south of us are exploding with old resentments and new ambitions.

On every hand, men and nations we have counted on the side of freedom are challenging openly and angrily our own assumption that we were secure as leaders of all freemen. It would be all but impossible to overstate the seriousness of this challenge.

A LONELY ISLAND

If we continue long on this course, America will be left as an island in an angry sea of world contempt. We shall be poor amid our abundance, ignorant amid our knowledge, weak amid our strength, and without hope amid all our promise.

This must not come to pass.

America must not stand with cotton in its ears and hands over its eyes and pretend that it neither hears nor sees the walls of freedom crumbling at its feet.

What has happened to the American position?

THE DARING OF YOUTH

I do not presume to suggest that there is a single and final answer. But I do believe the answer lies somewhere within the fact that we have drifted away from the fundamental truth that America is a young nation with the best years of its life still to be lived.

Through all the years of America's growth to preeminence in the world we have moved forward with the inner fire and ambition of youth. We have had the daring and self-confidence of youth. We have not had the smugness and contentment that sometimes comes with age.

Americans have tamed rivers, leveled mountains, joined oceans together, made deserts bloom, fought with the winds to reclaim the dustbowls. We have built great cities in the wilderness and brought the wonders of electricity to rural homes.

For all the peoples of the earth who had yet to accomplish these goals, America was an inspiration, and the freedom for which America stood was their goal and their dream, too.

FEAR AND CAUTION

I cannot believe that it is entirely coincidence that the state of America's position in the world has come about so promptly in the wake of a changing American attitude toward these enterprises which have been the showpieces of freedom.

Our American attitudes have changed.

We have grown fearful and cautious about building great dams to harness the power of our streams.

We have derided public projects as pork barrels.

We have filed our plans on the shelf and tucked our dreams away in drawers.

We have told ourselves and the world that the American economy was mature, that it required no more expansion, that its great threat was overexpansion.

Beyond this, we have lectured to our friends, scolded them, and preached to them

and talked down to them. We have complained about their backwardness, their lack of development, their need to work harder and sweat more in pursuit of the carrot of American dollars we dangled before them.

TWOFOLD TRAGEDY

The tragedy was twofold. We have been neither fair to them nor to ourselves.

We have placed reliance upon dollars alone to buy what cannot be bought. Aid to other nations has never bought for us what we once got free by the exercise of inspiration and leadership. Without such inspiration and leadership, aid itself becomes a cynical and corroding gesture, which diminishes the self-respect of both the giver and the receiver.

We have preached freedom but patted the foes of freedom on the back. We have accorded our friendship to leaders of other governments who stood in those lands for what we oppose at home. We have trafficked in expediency and sold ourselves down the river for doing so.

We have, most seriously of all, deluded ourselves about what we need to do here at home.

America is not a land where all problems are solved, where all answers are written, all the examinations passed. We still face the future of a young and growing land.

A TIME OF TOTAL CONFIDENCE

Thirty years ago, when I sat at commencement in San Marcos, the members of my class looked forward with total confidence to a world of certainty and stability. The war to end all wars had been fought. America was isolated and immune, free of danger of involvement in foreign wars.

The economy was prosperous. Except in the most academic way, none of us knew the meaning of the word "depression."

AN ABRUPT AWAKENING

But in a matter of months, each of us knew in the most personal way the real and raw meaning of depression. In a matter of years, we could see the forming of the clouds of war over Europe and Asia—and finally over our own land.

In my own case, my whole life since college has been consumed with problems and challenges which were unknown—did not, in fact, exist—on the night that I graduated from college.

IN 5 MORE THAN 50

For you in this class of 1958, life may hold much the same pattern.

You will work in fields that are not yet named.

You will live by skills that are not yet known.

You will travel to stars and planets that cannot now be seen by the naked eye.

You will know worlds and wonders that do not even have a place in our fiction and fantasy.

Your world will change more in 5 years than the world of your fathers has changed in 50 years. And it will change more in your lifetime than it has changed in the 2,000 years of Christendom.

But you will realize the promise and the opportunity and fulfillment of this world only if America returns to its traditions of expansion and challenge and daring. You will realize it only if America recaptures the spirit of youth and ambition and self-confidence.

How can our Nation recapture such a spirit?

Many Americans are asking that question but many who ask it despair of finding the answer and thus resign themselves—and the Nation—to a state of hopelessness.

GREATNESS NOT FOR SALE

I do not presume to say that I have the answer or that any other one person has it or should have it. It is an error of the most

serious sort for Americans to blame our national troubles on individuals or expect those troubles to be resolved by individuals alone.

In our world today—and in the foreseeable world beyond—Americans will not find the secrets of greatness packaged neatly in one-man leadership or one-idea thinking. We cannot buy greatness with our check books.

What we freely need in America today, it seems to me, is a rekindling of the search for truth, the search that leads us into exploration of the frontiers of the human mind. With all that we have done, with all that we have attained, we have as yet barely penetrated these frontiers.

NO MAPS, HIGHWAYS, OR MOTELS

How is this to be done?

I think we might well compare our challenge with the challenge that faced earlier generations who opened the frontiers of the American West. They had no road maps, no superhighways, no motels along the way—but they went into the West together, gaining both strength for the task and security from the hazards by traveling in bands and groups.

Our Government did not and could not order the American settlers into the West, nor could Washington guarantee what they would find. But Washington could—and Washington did—offer incentives for those who dared the wilderness and by those incentives a continent was won for freedom.

We can today apply that same pattern to our own times and our own challenges.

America and Americans cannot explore the distant frontiers of human knowledge alone and neither can we expect all the pioneering to be done by or in the capital city of Washington.

This is a joint adventure. Let's make it that in truth.

SPIRITUAL INVENTORY

Let's set in motion without apology a frank and open search for new ideas, new decisions, new careers.

In each State and in each region, let's bring together the finest of minds—young and old—to reexamine both our attainments and our ambitions. Let us inventory our intangibles as well as the obvious measures of our wisdom, and by so doing arrive at a new estimate of our potential and our problems.

Rather than dwell upon the differences and distinctions between our national regions and sections, let us make a start by bringing our people together as Americans to climb over the walls of our own provincialism to come to a better, first-hand understanding of one another.

CAMPUS OF FREEMEN

In our relations with other nations, let us travel this same road and travel it together.

Today, in the eyes of the world, Washington is seen as a capital of power—a distant and sometimes indifferent city of wealth and authority. I say, let us set about to make Washington and all of America the campus of freemen where men and women of young lands can come to discuss their work together in a climate of real freedom.

Let us use the round table, the seminar and the lecture room as instruments of freedom and make America the spiritual leader of the awakening that is now stirring the West.

We can, I am sure, safely invest each year at least the cost of two nuclear bombs in the building of great new libraries. We can channel the costs of an army division into the support of great new schools for the humanities. We can certainly set aside a percentage of our national budget for the financing of the laboratories and other facilities required to set in motion a program of pure research.

We can, with applied imagination, far outdistance the lands of tyranny in opening the way for men to search for truth along the unexplored frontiers of human capacity.

FREEDOM'S MEETING GROUND

America cannot forever sustain the burdens of a mammoth military. We must and we can invest a greater portion of our wealth in creative endeavor, leading the world not merely in the provision of instruments of war but in the provision of the arts of peace. Out of the ferment of such labors, we shall enrich our own lives and add to our own strength as well as to the strength of freemen everywhere.

Let's make America the meeting ground for freemen and freemen's ideas. Let us not merely bring the young here to teach them but bring their elders here to help teach us. Let us not confine our exchange programs to the graduate students but bring to America the farmer of India, the worker of Europe, the teacher of Latin America—bring men and women of all stations of life, so that we can learn from them and they can learn from us.

This, as I see it, is a way to revitalize the spirit of our Nation and to recapture the wisdom that comes only from a continuing search for new ideas.

It is your personal challenge—and the challenge to your elders—to set America on this course again, not tomorrow, not next year, but now.

CHALLENGE TO YOUTH

Stale and static policies, good though they were yesterday, may not still be good today. Searching reexamination is in order and it must begin soon, for we have little time to linger and wait for better days to return.

We need to dwell on what America can do—not on what our Nation can't do.

We need to chart our course by what America should do—not by what it should not do.

This is the spirit of youth, the spirit you carry in your hearts tonight as you enter the world beyond this campus. It is the spirit that your Nation must emulate as it enters a world beyond the dimensions of any known in the past.

The challenge immediately before us is great.

The challenge beyond—the challenge to your generation—is greater, but, in the mastery of that challenge lies reward and promise far greater than any generation has known.

I envy you. I wish to each of you God-speed.

IMPORTANCE OF SAVINGS

Mr. HOBLITZELL. Mr. President, I believe the Treasury's decision to offer a 3½-percent bond is a recognition of the importance of the saver and of savings to the soundness of recovery and our next wave of prosperity. There was much concern a year ago over the fact that the rate of saving in the United States was lagging in relation to the rate of growth and of borrowing in our national economy. There is even reason to believe that this is one of the big reasons why the 1955-57 boom outran its steam. The Treasury's decision to include a long 3½-percent bond in the current financing operation was a hard one to make. But it will be appreciated by all who have the well-being of savings and savers in the Nation at heart.

I ask unanimous consent to have printed in the RECORD an editorial from the American Banker of June 3, 1958, entitled "A Lift for Thrift."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

LIFT FOR THRIFT—NEW 3¼-PERCENT UNITED STATES BOND HINTS 3 PERCENT CAN BE CONTINUED ON SAVINGS

Amid the flurry of criticisms evoked by the Treasury's announcement of an offering of \$1 billion, 27-year 3¼-percent bonds at 100½, permit us to raise one small voice of applause on behalf of the thrifty American. For him, Secretary of the Treasury Anderson has done just right.

Many tongues will be heard taking the Treasury to task for paying a 3¼-percent rate in a recession period. They will say that the money could have been borrowed more cheaply; that the Treasury is taking out of the money market funds which would contribute to recovery if left available for municipal, corporate, and housing borrowers; that liquidity is more desirable than lengthening of the debt; that a new 3¼-percent rate anchor at the long end of the Treasury securities yield curve interferes with the theoretically desirable policy of lowest possible interest rates to foster borrowing and business recovery. In short, that a 3¼-percent bond at this time was the wrong thing.

Yet the Treasury undoubtedly had assurance from the committees representing the savings, insurance, pension, and other institutional investors that they had the funds in sight for \$1 billion of long-term bonds over and above the probable needs of other long-term borrowers. It is significant that last week, for the first time, a committee of savings and loan executives was invited by the Treasury in the series of conferences preliminary to the announcement of the financing. The savings and loans, it has been indicated, are becoming more interested in building up secondary reserves of United States Treasury paper these days, and would like to put less of their deposit growth into mortgages.

In the various conferences which the Treasury held with savings institution representatives, it was probably pointed out that the supply of funds coming into the market for investment in the near future would so exceed the demand that yields would be pushed lower and lower on long-term securities—and someone would get hurt again when more nearly normal interest levels return. It is not so long ago that United States Treasury 4's were selling under par and the 3's of 1933 under 90.

Extremes in matters of finance are always bad. Interest rates are no exception, and in the long run the cost to the Treasury of a 3¼ percent, 27-year bond as compared with 2½ percent for a 5-year bond, may be well worth while. Certainly, in the light financial history, 3¼ percent is not a high price to pay for the use of the public's savings over a period of a quarter century.

The Treasury's objective of lengthening out its debt, and thus getting more of its paper in the strong hands of investors and thrift institutions is sound policy. When the foreseeable supply of funds affords opportunity to put a bit more of our near \$275 billion Federal debt into long-term paper, it is simply commonsense to do so.

Not to be overlooked is the fact that this \$1 billion cash which the Treasury wants in exchange for the new 3¼ percent bonds is going to be spent, and spent quickly as part of the Treasury's regrettable, but probably inescapable, \$3 billion current fiscal year deficit. This \$1 billion will certainly find its way back into the Nation's spending stream faster than if it were borrowed by housing builders, municipal authorities, or corporations. In other words, there will be no stagnation or deflationary effect from this issue of a billion of new Treasury bonds. As much of a contribution to recovery will be made by the Federal Government spending this billion as any borrower could make; more than if corporations or other borrow-

ers floated long-term issues simply to pay off bank debt.

However, it is from the point of view of the saver that the Treasury's decision to issue a 3¼-percent bond is most important to the banking world. It seems to hint an answer to the question whether banks and other savings institutions will have to cut rates being paid to savers. As long as paper yielding more than 3 percent is available in these slump months, banks now paying 3 percent or savings institutions paying 3½ percent will hesitate to cut the rates being paid to the public. (It should be recalled that the actual cost to most savings institutions and departments of a 3-percent interest rate is more often than not in the neighborhood of 2.67 percent because of the turnover of accounts, withdrawals, and methods of computation of interest.)

And the level of interest rates is important as a factor in stimulating and rewarding the accumulation of savings. At the New Jersey bankers' convention a few days ago, President Hayes, of the Federal Reserve Bank of New York, pointed out that the problem of monetary policy in the Nation is to tread a narrow path between a level of interest rates low enough to attract borrowers but not too low to attract savings.

We believe that the Treasury's decision to offer a 3¼-percent bond is a recognition of the importance of the saver and of savings to the soundness of recovery and our next wave of prosperity. There was much concern a year ago over the fact that the rate of saving in the United States was lagging in relation to the rate of growth and of borrowing in our national economy. There is even reason to believe that this is one of the big reasons why the 1955-57 boom outran its steam. The Treasury's decision to include a long 3¼-percent bond in the current financing operation was a hard one to make. But it will be appreciated by all who have the well-being of savings and savers in the Nation at heart.

MUTUAL SECURITY

Mr. WILEY. Mr. President, for several days we have been discussing the mutual security bill. It is very apparent that there is considerable disagreement over it. Some Senators are very much in favor of it. I am one of those. From the fine remarks made by the distinguished acting majority leader, the Senator from Georgia [Mr. TALMADGE], I would say he was opposed to it. That is a part of life in this American forum. That is true not only in the Senate, but in the press, in the pulpit, and elsewhere. We have a right to disagree.

I received a letter from a friend of mine, a part of which I shall read:

ALEXANDER WILEY: This is what I think of your report.

There were enclosed cut-up pieces of paper.

The letter stated further:

Have you ever thought of retiring?

The letter further stated:

If you have any more on this subject, don't write me.

The letter was signed "Disappointingly yours."

It was not a new experience to receive that kind of letter, but it caused me to do a little philosophizing. I made up a little poem and sent it to the writer of the letter. It expresses the

American philosophy in no uncertain terms. I wrote to her:

It is good that folks like you and me,
Can agreeably disagree,
Over our political and religious thought.
A few years back we would have fought,
And blood would have been shed.
Now we have law instead,
And arbitrary power is checked,
So liberty will not be wrecked.
The Constitution stands supreme,
Let those who will, snort and scream.

Disappointingly yours,

ALEXANDER WILEY.

WASHINGTON, D. C. June 2, 1958.

I have taken the liberty of expressing these thoughts on the floor of the Senate because there has been in the days that have gone by and there will be in the days that are ahead much disagreement on vital issues; but we can argue the issues in the Senate and still be friends. What is more, we have learned to give credit to those who disagree with us, the credit of being honest and of having different views because of differences in background—geographical, economical, religious, and political. Consequently, we see issues from different standpoints. That is the reason why I wrote the little note, in the form of a poem, to the writer of the letter from which I just quoted. If any "fireworks" are contained in the reply, and they are significant enough to sustain or overthrow the position which I have taken, I shall be glad to include the reply in the RECORD.

THE MINNESOTA IRON-ORE INDUSTRY

Mr. HUMPHREY. Mr. President, in recent days Skillings' Mining Review, published at Duluth, Minn., has quoted the most informed observers as estimating that iron-ore shipments by lake freighter from the Lake Superior region may dip this year to the lowest point since 1939, when only 45 million tons of ore were shipped.

Most estimates now indicate an ore movement of only 50 million to 60 million tons from the Lake Superior ports this year, as compared with shipments of 84,600,000 tons from the region last year—most of it from Minnesota. This, I emphasize, will be the lowest level of shipments since 1939.

The new taconite plants of Erie and Reserve Mining Cos., producing a new type of high-grade iron ore through a complicated mining-manufacturing process, have already been severely cut back. The beginning of the shipping season for direct shipping ore was delayed this year for almost a month, despite good shipping weather. Families throughout Minnesota's great iron range are severely hit by the plummeting drop in the demand for iron ore.

These are conditions which experienced observers could predict months ago, as the dimensions of the current recession began to emerge. The uneven pattern of Minnesota's iron range employment, resulting from the seasonal character of open-pit mining in northern Minnesota, is always accentuated

June 28, 1940; to the Committee on the Judiciary.

H. R. 12164. An act to permit use of Federal surplus foods in nonprofit summer camps for children; to the Committee on Agriculture and Forestry.

H. R. 12575. An act to provide for research into problems of flight within and outside the earth's atmosphere, and for other purposes; to the Special Committee on Space and Astronautics.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 332) relative to the establishment of plans for the peaceful exploration of outer space, was referred to the Committee on Foreign Relations, as follows:

Whereas man is standing upon the threshold of a new era of space exploration; and

Whereas it is the devout wish of all peoples everywhere, in every nation, in every environment, that the exploration of outer space shall be by peaceful means and shall be dedicated to peaceful purposes; and

Whereas the United States as a nation and as a people favors the peaceful solution of all international problems: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States believes that the nations of the world should join in the establishment of plans for the peaceful exploration of outer space, should ban the use of outer space for military aggrandizement, and should endeavor to broaden man's knowledge of space with the purpose of advancing the good of all mankind rather than for the benefit of one nation or group of nations;

That it is the sense of the Congress:

That the United States should strive, through the United Nations or such other means as may be most appropriate, for an international agreement banning the use of outer space for military purposes;

That the United States should seek through the United Nations or such other means as may be most appropriate an international agreement providing for joint exploration of outer space and establishing a method by which disputes which arise in the future in relation to outer space will be solved by legal, peaceful methods, rather than by resort to violence;

That the United States should press for an international agreement providing for joint cooperation in the advancement of scientific developments which can be expected to flow from the exploration of outer space, such as the improvement of communications, the betterment of weather forecasting, and other benefits; and

That the Congress respectfully requests the President to effectuate in every way possible the objectives set forth in this resolution.

MUTUAL SECURITY ACT OF 1958

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

NECESSITY FOR REPEAL OF 3 PERCENT EXCISE TAX ON FREIGHT AND 10 PERCENT EXCISE TAX ON TRANSPORTATION

Mr. SMATHERS. Mr. President, last week, President Eisenhower declared his resolve to hold the line against tax reductions for the present, except for some minor adjustments in favor of small business.

This policy has been endorsed, with reservations, by the leaders of both parties, in part, I suppose, because of the likely Presidential veto of any general tax reduction.

I have my own reservations about the wisdom of this Presidential decision. It seems to me to ignore the very real dangers of an unarrested recession, with its debilitating effects not merely on our own economy, but that of our friends around the world.

It has been graphically and truthfully stated that when "America's economy sneezes, that of our allies quickly catches a cold."

However, I leave aside today the discussion of general tax policy to consider the merits of a single aspect of our present tax program. I refer to the repeal of the excise tax on transportation charges of persons and property. I believe this tax should be abolished, now, in spite of the economic truce, which has been entered into. I hope in the next few minutes to make clear the reasons why.

Before considering the legislative history of this tax, I should like to say that I am one of those who believe that there should be a general reduction of almost all the excise taxes in the interest of stimulating business and strengthening our economy.

However, it is clear from the truce which has been entered into by the President, Secretary of the Treasury, and the leaders of both parties that we cannot expect to have a broad-scale tax reduction, even a broad-scale excise-tax reduction, this year.

So, I am directing my efforts and my attention toward the elimination of this particular excise tax on transportation charges as the most iniquitous and the one most deserving of quick removal.

Mr. President, I have been directed by the Senate Interstate and Foreign Commerce Committee to present an amendment seeking repeal of the excise tax on transportation charges.

The amendment has been sponsored by the members of the Interstate and Foreign Commerce Committee of the Senate. However, in the past 3 weeks I have written to every Senator advising him of the proposed amendment and seeking his cosponsorship of it. I can report that a total of some 46 Senators have indicated their willingness to cosponsor the amendment.

Some of the letters from my fellow Senators were received prior to the announcement of the President last week, and it may be that the President's an-

nouncement will cause some Senators to change their position with respect to the repeal of the transportation tax. It is for that reason that I shall not announce the list of cosponsors at this time, but leave it to each individual Senator to make known his position in his own way.

The excise tax on transportation charges is distinguished from other excise taxes in this one particular: It applies to everybody and everything. It is a tax on the transportation of people, food, medicine, clothing, machinery, gasoline, and almost every other item that goes into our daily living.

It is a tax whose baneful influences are felt from the top to the bottom of our economy and from every crossroad into the middle of every giant city.

It is a tax which was imposed during wartime for the purpose of discouraging transportation of persons and of freight; it was to constitute a drag upon the civilian economy, and that is exactly what it is doing.

Mr. President, let us examine briefly the history of the excise tax on transportation charges.

As we all know, it was first imposed immediately prior to our entering World War II. It was one of a group of excises suggested by the Treasury Department. I should like now to quote from the statement of Henry Morgenthau, Jr., the then Secretary of the Treasury, made before the House Committee on Ways and Means on April 24, 1941. This statement begins on page 3, volume I, of the hearings:

Secretary MORGENTHAU. I have come before you today to discuss with you the need of producing \$3.5 billion annually in additional revenue for the defense of our country. Such an increase is without precedent, but the situation confronting us today is also without parallel. . . .

The problem of building our defense is fundamentally a problem of production. We cannot build planes and tanks, ships, and guns, merely by voting money. We build them with labor and management, with raw materials and machinery. The resources now employed in the defense industries are not enough to produce the guns and tanks and ships and planes that we need to carry out the program to which we are already committed. We must hasten the reemployment of our idle resources. Even this increase will not be enough. As we closely approach full employment of our resources, we must take the next step of diverting to defense production more and more of the resources now engaged in satisfying our civilian needs and wants.

The tax program now before you is designed to promote these very objectives.

First of all, it presents a method of paying as we go for a reasonable proportion of our expenditures.

Secondly, it is designed so that all sections of the people shall bear their fair share of the burden.

Thirdly, it will help to mobilize our resources for defense by reducing the amount of money that the public can spend for comparatively less important things. . . .

The Treasury is prepared to suggest tax revisions of which the most important features are an increase of income-tax rates, a lowering of the minimum income subject to surtax, an increase in excess-profits tax,

and finally, new excise taxes on a number of commodities which are not essential to the defense program.

Quite plainly, then, the passenger excise tax was proposed mainly for two purposes—first, to raise revenue; second, to discourage passenger travel.

The second point was borne down upon rather heavily during the hearings in a statement by Leon Henderson, then the Administrator of the Office of Price Administration and Civilian Supply.

Henderson did not like certain of the Treasury's excise recommendations. His testimony reads in part—page 645:

Turning first to the proposals for excise taxes, the only case which may be made out for such additional taxation at the present time from a total defense point of view must rest upon its effectiveness in discouraging civilian production which competes with the defense program for men, materials and machines.

I have divided the excise-tax proposals of the Treasury into three groups. First, taxes on goods and services of mass consumption which in no way compete with the defense program. These are deflationary, unnecessary, and highly inequitable. Second, taxes on luxury items which likewise do not compete with the defense program. These are deflationary and unnecessary, but they are not so objectionable from the viewpoint of equity. And third, taxes on articles, such as automobiles and refrigerators—a whole range of things—which compete very heavily for materials, productive facilities, and skills with defense production. This is the type of excise which is called for today.

Asked later in the hearing which items belonged in which category, Mr. Henderson replied—page 662:

In what I would call the luxury items, where I am not particularly concerned—I would say wines and cordials and liqueurs, sporting goods, jewelry, furs, club dues, trunks, safe-deposit boxes and things like that—I do not think there is going to be competition there, but I would not particularly object to the kind of tax that the Treasury is proposing to put on.

Where I would sock them is in automobiles and motorcycles, auto parts and accessories, secondhand cars, tires and tubes, photographic apparatus, clocks, watches, mechanical refrigerators, phonographs, radio sets, washing machines, and passenger transportation. I have a little doubt about the passenger transportation, and I would like to drop that one out until I have studied it a little more.

In 1942, with the war in progress, the passenger excise tax was doubled and the freight excise tax newly imposed. By this time, the Treasury had accepted Henderson's thesis, and the tax that year was unmistakably designed not only to raise money, but also to discourage the civilian use of the railroads and other common carriers.

Mr. President, we can all remember that the carrier-transportation industry itself cooperated in a program to discourage unnecessary travel. Billboards, posters, and newspaper advertisements all over the country solemnly inquired: "Is this trip necessary?"

The effect of the campaign was to discourage all forms of transportation, not simply common-carrier transportation. The passenger-freight excises helped slow down the use of for-hire vehicles. But meanwhile, gas and tire rationing

effectively eliminated long-distance travel by private carrier.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. GORE. The Senator from Florida has said that the effect of the campaign was to discourage all forms of transportation. Was not that the effect of the tax and the campaign?

Mr. SMATHERS. I agree with the Senator; it was a combination of both. The tax probably did more to discourage the use of transportation facilities than did the advertisements. But the common carriers themselves were cooperating by asking the potential travelers: "Is this trip necessary?"

Mr. GORE. Is it not true that the intended effect of the tax and the program, indeed their very purpose was to repress traveling entirely?

Mr. SMATHERS. The Senator is entirely correct. The tax and the program were designed to stop the civilian use of transportation facilities so that the facilities could be devoted to the war effort.

Mr. GORE. The Senator from Florida is ably making the point, without indulging in an understatement, that these measures had a repressive influence.

Mr. SMATHERS. That is absolutely correct. I shall speak at some length about that in a few moments. I appreciate what the junior Senator from Tennessee said yesterday concerning the whole subject of excise taxes. I know, from my association with him on the Committee on Finance, that he thoroughly understands the importance to our economy of the removal of some of these taxes, if not all of them.

Certainly the transportation tax, as I said earlier, is one which affects every facet of our daily living. It is a tax on medicine, on clothes, on automobiles. It is imposed on every article which is in daily use. Therefore, it is the kind of force which is weighing very heavily on our economy today, as the Senator from Tennessee says.

As I have stated, Mr. President, there was no discrimination in the imposition of the excise tax on competitive forms of consumption.

During World War I, when Congress imposed a similar system of taxes for similar purposes, it clearly intended them as emergency measures. And they were repealed effective January 1, 1922, by the Revenue Act of 1921, slightly more than 3 years after the war had ended.

The World War II taxes were likewise intended for emergency use only, as has been implicitly and explicitly acknowledged by spokesmen for each of the last three Presidents of the United States.

I have already quoted the statements of Henry Morgenthau and Leon Henderson, both of whom indicated, quite clearly I believe, that they were proposing temporary devices to suit emergency needs.

I may cite also the statement of President Harry S. Truman in his message to Congress of January 23, 1950:

The excise taxes are still substantially at their wartime levels. Some are depressing certain lines of business. Some burden consumption and fall with particular weight on low-income groups. Still others add to the cost of living by increasing business costs.

Earlier, the Treasury Department itself, in its report of December 19, 1947, on "Federal Excise Taxes on Transportation," said:

The prewar history of railroad rates indicates that coach travel is rather sensitive to changes in passenger rates. Accordingly, under normal conditions the profits of railroads may be affected substantially by the existence of the tax. Because of large fixed costs, a small decrease in passenger revenue can have an important effect on profits from passenger operations. Since railroads are again sharing deficits on passenger operations, any reduction in traffic resulting from the tax would add to their difficulties.

In any case, despite these admissions, and perhaps because of the Korean intervention, which again turned transportation taxes into an instrument of defense policy, nothing was done or has been done to rectify the situation. The emergency taxes were allowed to continue into the period of no emergency, with disastrous but clearly foreseeable results.

The ironic aspect of this situation is that the present administration, too, has stated its recognition of the problem. I ask unanimous consent to have printed at this point in the RECORD a revealing exchange between Representative EBERHARTER, of Pennsylvania, and Dr. Dan Throop Smith, special assistant to the Secretary of the Treasury. This exchange took place late in 1956 in hearings on excise taxes before a subcommittee of the House Committee on Ways and Means.

I shall not take the time now to read this statement in full. It will be available in the RECORD for the edification of my colleagues. I point out, however, that Dr. Smith conceded the excise tax on transportation charges had been designed to discourage travel and that their continuance harmed the transportation industries. But, he said, the Treasury Department favors "the continuation of those taxes until something better comes along. We are not doing it for the purpose of discouraging, and we regret that any tax, of course, has a discouraging effect."

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

Mr. EBERHARTER. * * * One of the discriminatory excise taxes, namely, that imposed on the transportation of property, there can be no question but that this tax favors some and hurts others. The economic burden and competitive hurdle for small shippers who must pay a higher freight rate than larger firms is only amplified by the tax. This is also true for shippers who are far from the distribution centers as compared to those nearby.

The ultimate discrimination, of course, is between the various classes of consumers who certainly bear the final burden. A man with

need of the carriers for additional revenue and will not be based upon, or justified by, the elimination of the tax.

Mr. President, I ask unanimous consent that the entire letter may be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AIR TRANSPORT ASSOCIATION,
Washington, D. C., June 2, 1958.

The Honorable GEORGE A. SMATHERS,
United States Senate,
Washington, D. C.

DEAR SENATOR SMATHERS: Reference is made to our recent discussion regarding the necessity of repealing the outmoded World War II excises on the transportation of persons and property. During that discussion you inquired whether if the 10-percent transportation tax were removed the airlines would increase their fares 10 percent to "take up the slack." It is the purpose of this letter to state for the record the answer I gave you at that time.

As you know, airline fares are regulated by the Civil Aeronautics Board. The Board can prevent any airline from increasing its fares. If the transportation tax were repealed tomorrow, it would mean an immediate reduction of 10 percent in the cost to the public of air travel.

During our discussion I pointed out to you that the scheduled airline industry is committed to invest close to \$3 billion in prop-jet and turbojet airplanes in the next 4 years. The size of this commitment can best be appreciated when it is compared to the present book value of airline operating equipment—\$1,056,000,000. If the airlines are to meet their commitments for new aircraft they must have increased earnings. These commitments must be met because this country's supremacy in air transportation depends upon them. In view of the fact that the airline industry is caught in a spiral of increasing costs, which cannot be overcome by greater efficiency in management and operation, the industry cannot realize increased earnings unless it increases its fares. A proceeding to investigate airline fare levels was instituted by the Civil Aeronautics Board 2 years ago. Although the Board early this year granted an interim increase of 4 percent plus \$1 per ticket, it is not expected that the pending proceeding will be terminated until sometime next year and, of course, we have no way of knowing at this time what further increases will be granted. It seems clear that under the circumstances stated an additional rate increase is justified and should be forthcoming whether or not the tax is repealed. In any event, the airlines do not intend to take advantage of the elimination of the tax as an excuse for a corresponding increase in fares. Any such increases must and should be based upon, and justified by, the need of the carriers for additional revenue and will not be based upon, or justified by, the elimination of the tax.

Cordially,

S. G. TIPTON.

Mr. SMATHERS. Mr. President, I have received a letter dated June 2, 1958, from Daniel P. Loomis, president of the Association of American Railroads, which reads as follows:

ASSOCIATION OF AMERICAN RAILROADS,
Washington, D. C., June 2, 1958.

Hon. GEORGE A. SMATHERS,
Chairman, Subcommittee on Surface Transportation, Committee on Interstate and Foreign Commerce, United States Senate.

DEAR SENATOR SMATHERS: During the course of the recent hearings before your committee, there was presented a wealth of

testimony showing clearly that repeal of the transportation excise taxes would not only aid the railroad industry but would also materially benefit the traveling public and shippers and consumers generally. During those hearings, no real attempt was made to refute such testimony. However, it has come to my attention that opposition to the repeal of these taxes has now been voiced on the ground that there would be no benefits to the travelers, shippers, or consumers as the railroads would use such repeal as a basis for seeking increases in their freight rates and passenger fares.

While the Association of American Railroads does not concern itself with rate or fare policy matters, I have been authorized, on behalf of the regional traffic organizations, within which rate and fare changes are initiated, to state that repeal of the transportation excise taxes will not be urged as a basis for authorization of a change in freight rates or passenger fares.

Very truly yours,

DANIEL P. LOOMIS.

That is a statement from the head of the Association of American Railroads that the railroads will not use the proposed excise tax removal as the basis for a fare or freight rate increase.

I have received a letter dated June 2, 1958, from A. W. Koehler, secretary-manager of the National Association of Motor Bus Operators. I shall read a pertinent paragraph of the letter:

There should be no fear that the intercity bus industry will attempt to take advantage of the elimination of the tax as an excuse for a corresponding increase in fares. Some of the intercity companies do, of course, have fare increase applications pending, and no doubt it will be necessary to make applications for increases from time to time in the future. You may be assured, however, that any such applications will be based upon and justified, as indeed they must, by economic facts and will not be the result of or based upon the elimination of the transportation tax.

Mr. President, I ask unanimous consent that the entire letter written by Mr. Koehler may be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF
MOTOR BUS OPERATORS,
Washington, D. C., June 2, 1958.

Hon. GEORGE A. SMATHERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR SMATHERS: The following information is being sent you in support of your efforts to afford relief to the passenger carriers from the outmoded and burdensome transportation tax.

The 10-percent tax on the transportation of persons was enacted as an emergency wartime measure during World War II, and its sole purpose and justification was to discourage unnecessary wartime travel. The emergency need for discouraging travel has long since disappeared, but the tax remains as a deterrent to travel and a depressing influence upon the entire transportation industry. We earnestly believe that this tax should be removed, and this opinion is shared by all modes of transportation, by the public bodies, both Federal and State, which regulate or have an interest in public transportation, and we believe by the vast majority of the traveling public as well.

The removal of the tax would relieve the industry of the substantial administrative burden of collection which the tax imposes and would result in an appreciable saving in

administrative and reporting expense. While precise cost data are not available, a traffic executive of a large operating company expressed the view that 4 cents per passenger was a reasonable estimate of the cost, to the carriers, of collecting the tax, processing the detailed records required, and remitting the proceeds to the Treasury. On this basis the cost to the intercity carriers for 1957 would be approximately \$8 million, which is equivalent to 22 percent of their net revenues before taxes and roughly 44 percent of their net revenues after taxes.

Moreover the removal of the tax would encourage travel and, in our opinion, give a much-needed shot in the arm to the entire transportation industry.

There should be no fear that the intercity bus industry will attempt to take advantage of the elimination of the tax as an excuse for a corresponding increase in fares. Some of the intercity companies do, of course, have fare increase applications pending, and no doubt it will be necessary to make applications for increases from time to time in the future. You may be assured, however, that any such applications will be based upon and justified, as indeed they must, by economic facts and will not be the result of or based upon the elimination of the transportation tax.

It is the thought and the purpose of the bus industry that the traveling public will be the direct beneficiary of the removal of this tax while at the same time the bus industry will be benefited by the relief from the administrative burden of collection and by an increased use by the traveling public of all modes of public transportation. The intercity bus industry would not realize the benefits of stimulated bus travel if the industry should increase fares on the basis of the elimination of the transportation tax.

Please be assured that your efforts toward elimination of the burdensome 10 percent transportation tax are greatly appreciated.

Sincerely yours,

A. W. KOEHLER,
Secretary-Manager.

Mr. SMATHERS. Mr. President, it remains only to summarize the advantages which would flow from the removal of these excises. I have been over most of them in transit.

First. I believe that there would be only an insignificant drop in tax revenue—perhaps even a gain.

Second. Removing these excise taxes would stimulate the entire transportation industry. It would encourage traffic in exactly the same fashion as it discouraged traffic.

Third. It would unquestionably lower prices to the consumer, not only directly, by cutting the cost of train and plane tickets, but indirectly in the goods and services on which tax costs are now pyramided.

Fourth. It would improve the competitive position of small business, by eliminating what is essentially a tax favoritism for big business.

Fifth. It would remove a regressive feature from our present tax structure—something which obviously we can easily do without.

Finally, it would give a shot in the arm to the railroads, which, as we all know, are hurting quite badly now. It would help all regulated motor carriers. It might well save the intercity bus transportation system. It can assist greatly the airlines who face mounting operating costs with little or no increase in

traffic. It would be a direct and essential contribution to the health of our economy which depends, as it has depended for years, on huge capital expenditures from the entire transportation industry. These capital expenditures have not been forthcoming in their usual volume for the last several years now; and this is one reason why the steel industry is in such difficulty, and why our economy is in its present weakened condition.

In short, Mr. President, it appears to me that there are few steps we can take, in this session or any other session, which promise so much good for the expenditure of so little effort.

Mr. President, on behalf of the Senator from Washington [Mr. MAGNUSON] and myself, I submit an amendment which seeks to bring about repeal of the excise tax on the transportation charges for freight and passengers.

The PRESIDING OFFICER. The amendment will be received, printed, and referred to the Committee on Finance.

THE RAILROAD RETIREMENT BILL

Mr. MORSE. Mr. President, I am chairman of the Subcommittee on Railroad Retirement, of the Senate Committee on Interstate and Foreign Commerce. I have just come to the Chamber from a meeting of the subcommittee. There, information reached us that an unfair criticism had been made of a member of the subcommittee, the Senator from Colorado [Mr. ALLOTT], to the effect that the subcommittee has not yet made to the full committee a report on a railroad retirement bill, because, so it has been alleged, the Senator from Colorado has been "sitting on the bill" in the subcommittee, or a similar charge to the effect that the Senator from Colorado has been delaying action on the bill.

Mr. President, as chairman of the subcommittee, I resent that charge against the Senator from Colorado. In fairness to him, I make the statement that there is no basis in fact for such a charge.

We have been working as hard as we can on the railroad retirement bill. I know of no subject that is more technical. In fact, we have almost reached the conclusion that, even to serve on the subcommittee, one should have a degree in higher mathematics.

From time to time there have been postponements, for two primary reasons: One has been to get more statistical or mathematical information for the enlightenment of the subcommittee, because we want to report to the Senate a bill which will be actuarially sound. Second, some representatives of the railroad brotherhoods themselves—and I stress this point—last year and also during a part of this year have said they would prefer to have action taken by the Senate on the bill only after the House of Representatives took action on a tax-exemption bill which they have pending before the House of Representatives.

Some weeks ago, I made clear to representatives of some of the railroad brotherhoods that my subcommittee could not wait indefinitely for action in the House of Representatives on any

tax-exemption bill, and that I intended to have the subcommittee proceed with further consideration of the railroad retirement bill. That is exactly what we have done.

Mr. President, as chairman of any committee or subcommittee, I shall always protect the members of my committee from unfair criticism. If such a criticism has been afloat in regard to the Senator from Colorado [Mr. ALLOTT], I wish to say it is not based on fact.

Mr. ALLOTT. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. ALLOTT. I wish to thank the Senator from Oregon for his remarks.

I believe it is wise to emphasize the fact that back in 1956, when we voted to report the measure which called for a 10-percent raise, some of us agreed that we would do everything within our power to make this fund actuarially sound.

I wish to compliment the Senator from Oregon, who has tried very hard, especially during the periods when the Senate has held long sessions, to have the committee meet; but time after time he has had to give way—as both of us know—for other committee meetings, particularly those of the Committee on Labor and Public Welfare, which demanded his attendance and the attendance of other Senators.

I assure the Senator from Oregon that if it is at all within my power, I shall assist him in every way to have the committee report, this year, a bill which will be actuarially sound.

Mr. MORSE. I know that is true, and that is what the Senator from Colorado has done in the past.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

CONGRESSIONAL RESPONSIBILITY AND FOREIGN AID

Mr. JENNER. Mr. President, the time has come for the annual performance in Congress which I have called the Foreign Aid Follies.

Every year both the Senate and the House go through the old routine. Their respective committees hold two sets of hearings—first on the foreign aid authorization, and then on the appropriation. They publish hundreds of printed pages of testimony and reports. But the result is never for a moment in doubt.

The executive branch will get whatever it asks for, minus token cuts here and there. But the executive agencies always calculate what cuts Congress will probably make, and add them to their requests. Even after the cuts are made, executive agencies end up with all the funds they expected, and sometimes more than they hoped for.

I have no doubt that if Congress were free to express its real opinion, both Houses would vote to put an end to the Foreign Aid Follies at once.

But Congress is not free. Instead Congress is cribbed, cabined, and confined

by a network of restrictions woven by the executive branch.

The Constitution gives Congress the legislative power. That means Congress is charged with two great responsibilities. It is responsible for deciding how much of the people's earnings is to be granted to executive agencies for specific purposes; it is also responsible for devising administrative machinery so precise that the executive agencies can spend the public money only in the way Congress has told them it is to be spent.

Let us be honest, and admit that Congress does not make the decisions about how much of the people's earnings is to be diverted to foreign giveaways and Congress does not set up administrative machinery to guide the use of this money into channels restricted to the purposes Congress has approved.

In dealing with foreign aid, Congress has totally abdicated its Constitutional responsibilities. Of course, we go through the motions. We have bills in proper form, with impressive titles and numbers. Our committees hold the requisite number of hearings, and issue the requisite number of reports. We debate, and solemnly count the votes. The only thing missing is that Congress has nothing whatever to say—in fact—about how much of the people's earnings should be spent for foreign aid, and does nothing whatever to keep this spending within administrative limits which insure the money will be spent as the sovereign people and their representatives wish.

This is not a criticism of the Members of Congress. I gladly pay tribute to the great amount of work they do in connection with foreign aid. I saw we have forgotten the one thing needful—it does not make the slightest difference how much work we do, if we do not do enough to preserve full congressional oversight of the people's money and of the Government agencies which are supposed to serve the people.

This is the last statement I shall make in the Senate on foreign-aid bills. I have fought year after year, against both the authorization and the appropriation bills knowing the fight was hopeless.

This year I do not intend to discuss the appropriation bill, which will follow this bill because the issue lies here. For years Members of Congress have been told that the foreign-aid-authorization bill was not important. "Let them pass this bill, and you can reduce the appropriation later, when the appropriation bill comes up."

Then, when the foreign-aid appropriation was before us, the same soft voices murmured, "We can't do anything now. We would be glad to go along, but Congress has given us orders to spend, in the authorization bill."

I say the authorization bill is our chief responsibility. The authorization bill determines the objectives for which money is to be spent and the administrative channels through which our money is to move.

It does not make any difference whether a sum appropriated is large or small. If Congress has not made certain in the authorization that it will be spent

for purposes desired by the people of the Nation, it is bad law.

We cannot have a government under law, except as Government spending is under law. Government spending cannot be restricted to definite, lawfully established purposes, unless Congress makes sure that the spending agency will operate within the channels laid down by the representatives of the people.

The collectivists of our day know well that any government has unlimited power, in fact, no matter how many legislative restrictions hem it in, if it has unrestricted spending power. Government agencies with "easy money" can bypass every law and every article of the Constitution without even the slightest appearance of illegality.

Foreign aid was devised by those who were in power during World War II, when Harry Hopkins and Dean Acheson set the standards. It was set up, from the beginning, with such broad "noble" objectives and such wide, indefinite, powers that the executive agencies can spend these billions in any way they please, and then hide the results behind a curtain of secrecy.

Members of Congress know that the foreign-aid programs are riddled with inefficiency, stupidity, and waste. Patriots like Spruille Braden and Eugene Castle have been untiring in trying to collect the evidence, in spite of the curtain of secrecy.

Members of Congress have spent their free time traveling all over the world to find out what has been done with our money. Some of them have brought back invaluable reports.

Now we have the careful audits of the General Accounting Office, and the hearings held by the House Committee on Government operations, on the evils the GAO has unearthed.

This is a great help in bringing out past mistakes. But let us admit it. We shall never catch up with the waste and folly of the foreign-aid program that way.

As soon as a diligent investigator, congressional or private, has told his story, the foreign-aid officials issue statements denying his reports, and explaining everything in the nicest way.

Are they right or not? We shall never settle the question. The most careful individual investigators make one or two visits and come home. They write their reports, but they have dozens of other things to do. The ICA and its colleagues have nothing else to do. They have teams of men, against our individuals. Their teams are on the ground. They have spent 7 to 14 hours a day, 5 or 6 days a week, for years on ICA. They have government-paid channels of communication, making a vast propaganda network, reaching out to every school, every radio, TV, magazine, universities, church, and lodge in the country.

Who is going to win? Let us not be silly.

A year ago, the junior Senator from Georgia [Mr. TALMADGE] made an excellent speech on the weaknesses of foreign aid. The ICA disputed many of his statements. They had the last word. Why? Because the ICA had teams of researchers, writers, public-relations

men, with travel money to go to every country in the world. Did the junior Senator from Georgia have free time and unlimited funds and nothing else to do in the last year, but keep up his investigations of foreign aid?

Look at the CONGRESSIONAL RECORD and list the areas of government, economics, politics, military problems, science, agriculture, and the rest, on which the junior Senator from Georgia has had to work, while the ICA had its teams of people traveling all over this world, and funneling their stories into every corner of the United States, to prove how wrong he is.

How long should we keep up such an unequal contest?

I have the highest respect for the work of the General Accounting Office, and of the individuals and committees in Congress, which are searching for the truth. I believe they have been most helpful, and their work should be continued, even expanded, with the fullest support we can give.

But just as soon as Congress discloses the proof of waste or silliness in one field of activity, the foreign aid officials know what to do. They transfer their efforts to a new field, where critics must start from the beginning to get their facts, and cannot get enough facts to hurt, until the foreign aid officials skimmed the cream off the new operation, and are ready to move to even richer fields their planning agencies have been preparing for them.

We are in process of abandoning military aid to hard anti-Communist countries like Korea, Free China, and Turkey. Does that mean expenditures will turn down? Oh, no. We are moving deeper into another area with the pleasant-sounding name of economic development. What does that mean? It means the United States is undertaking to erect the railroads, port facilities, airports, water systems, and other public works for the so-called underdeveloped areas. But there are perhaps a billion people in these undeveloped areas. The people of the United States are to finance the steps by which a billion people will be lifted to our economic level—or we will be dragged down to theirs.

To make the picture complete, this pouring of American tax funds into economic development will strengthen the neutralists. The firm anti-Communist nations, like Korea and Free China, will be told to cut their military spending because "military spending is not nice, you know. We can't be beastly to the Russians any more. Didn't they say nice things about Van Cliburn?"

The billions we vote for development will be coordinated with the U. N. and other international agencies, whose staffs make no pretense of agreeing with the ideals of the United States. This development will be called private enterprise, but it is private enterprise in leading strings, taking gifts from government and obeying the orders of its patron. It may benefit a few big international financiers, but it is not private enterprise in the American sense of economic freedom to choose one's work and livelihood. It is captive private enterprise, harnessed to the chariot of big

government, to be exhibited to the world as triumphal proof that resistance to world collectivism is hopeless.

There is not a shred of evidence that foreign aid expenditures contribute anything to strength our country militarily.

There is not a shred of evidence that these expenditures have done anything whatever to deter the Communist governments of Russia and China, or to interfere with their onward sweep.

Let us consider first the period since the end of World War II. The Department of Commerce estimates that we gave away or lent some \$62 billions since the war's end. They include \$11 billions of loans to be repaid—in 30 or 40 years—or credits for services to us. This total is an extremely conservative estimate of what we have given away. Of course, this figure makes no allowance for the interest cost, which we must pay on borrowed money. It makes no allowance for the ever-rising cost of living which harries our families, or the loss to those who live on savings, or the blow to our national pride as the dollar of the United States falls down, down, down—and it is still going down.

Since we began spending those billions—for the purpose, we were told, of checking communism—the Communists have extended their conquests to nearly a third of the land area and nearly half the population of the globe. Where have we protected ourselves by giving away these billions? In Laos, or Cambodia, or Egypt, or France, or Peru?

Inasmuch as I have referred to France, I remember when we first debated some of the bigger steps in the foreign giveaway. The debate related to NATO. The leading statesmen on the floor pleaded to the voters and to his colleagues, "We have to set up NATO. Do not worry about sending our boys overseas," and so forth. "The security of the United States depends upon NATO." Then the solid premise was laid that the land mass strength of France was the key to the success of NATO. Well, take a look at France today.

Let no one say the Communists would have made even greater gains if we had not spent this money. We hear that. If the Communists gain another square mile, they will have won. They do not have to conquer the whole world to rule it. If they advance anywhere else, they will have so altered the balance of power and of resources, that once-free countries will drop into their net one by one. Khrushchev boldly boasted of it to our people, over our own television networks.

We are not stopping communism.

We are not strengthening the United States.

The Members of Congress know that there is nothing in the very dangerous situation of the United States which can be cured by spending money.

The Members of Congress know that spending money on giveaway programs is not enough to protect the United States against the plans of the cold, crafty, ruthless, skillful men who make up the Soviet Government.

Today foreign policy is not so glamorous as it used to be. The State Department can no longer tell our people to

turn away from the dull grey problems of every day and look at the romantic backdrop of Thailand, or the dancing girls of Indonesia, or the poor orphan children of the Middle East for escape. Our people are not as innocent as they used to be. When they look at Thailand they might see the crumbling of Laos and Burma, even while our Government is supposed to be supporting them. When they look at the exotic dancers in Bali, they might see the pro-Communist actions of the State Department's darling, President Sukarno. When they look at the poor orphan children of the Middle East, they might see, instead, how State Department men, who served in China when it fell to the Communists, were moved stealthily to key diplomatic posts in that fateful area, immediately before the trouble began. Our people might wonder if our Government's helplessness in the Middle East is not strangely like our helplessness in China after 1945.

Now we are told a new tale—that foreign-aid spending is not “foreign” aid because 80 percent of the money is spent in this country, for farm and industrial products, and jobs for workers. Recession remedies are now the fashion, so foreign aid has become a cure for recession.

Let us look at that statement. It is true that perhaps 80 percent of foreign-aid appropriations is spent for orders in this country. But does this increase the job total?

Let us say that out of an appropriation of \$4 billion a year, some \$3 billion is spent in this country for Government purchases of wheat, cotton, coal, road machinery, trucks, and so forth. Is this a boon to our economy? The publicity handouts tell us it is. What they do not tell is one simple fact—none of these orders is paid for, in any economic sense. The countries which receive these goods give us no goods in return. No silks or spices or services flow back to repay the farmers, the workers, the industrialists, the railwaymen, and the shippers.

The American producers are paid money or checks, in the first instance, it is true; but who pays them? The answer is simple.

The money or checks that pay for these orders on our economy are simply the Government's I O U's, which promise that the checks will be redeemed by taxes laid on the same farmers, workers, industrialists, railwaymen, and shippers.

This is pure and undiluted inflation. We are financing our foreign aid exactly as we finance war—by printing press money. Then we pay interest, forever and ever, on the money the Government borrows to make good the checks.

We had runaway inflation in World War I, but the Republicans put a quick stop to spending, in 1920, and went back to honest money.

We inflated our money on a bigger scale in World War II, but the Fair Dealers did not want to give up the fun of spending unlimited money in peacetime, so they invented foreign aid. Foreign aid was not devised by Dean Acheson to help foreign countries, or to fight communism. It was devised to help the New Deal-Fair Deal spending

oligarchy, who would otherwise have been forced back to balanced budgets and tax reduction, as was Wilson's bureaucratic staff when the Republicans took over in 1920.

Governmental advocates of unlimited spending have plenty of money to hire statisticians and writers and public relations experts who tell us, again and again, that foreign aid exports are international trade. We have heard all kinds of slogans, including “Trade, not aid.” But “trade” is a two-way process. Trade is exchange. Something tangible of equal value must come back before there is any “trade.”

We used to call expenditures, which were not balanced by an equal return, an honest name, like gifts or charity. It is a lie to call them trade.

All foreign aid shipments and shipments of surplus commodities should be deducted from our foreign trade figures, and called foreign aid, or giveaway. Then we would see how false is another argument—that reciprocal trade and GATT have increased world trade. We are being gulled by both foreign aid and reciprocal trade one-worlders. In spite of the lovely handouts, the “blue-sky” prospectuses, there is nothing there.

Senators, remember the famous story of the emperor whose counselors could no longer find beautiful clothes to dazzle the people with his magnificence, so they invented a publicity stunt. They told the people the emperor's clothes were more beautiful than ever, but those who were not loyal could not see the garments. So everyone was afraid and said, “Yes, yes, the emperor's clothes are beautiful.” Only an innocent child, holding its mother's hand, did not understand, and said, “But the emperor has no clothes.”

So I say that foreign aid is blue-sky appropriations. There is nothing there but public-relations fairy tales.

I return to my question: when will Congress stop rubber-stamping these lovely prospectuses for taking the money of our people and giving them nothing in return?

When will Congress return to its constitutional responsibility again?

We must come to grips with the fact that foreign aid is a political spending program, brilliantly contrived by its planners to influence the political situation at home by bringing gifts where gifts will do the most good.

Foreign aid funds buy up commodities, services, and interest groups, and use foreign countries as a dumping ground to get rid of the purchases. What is the advantage to the spending managers?

Let me make my point clear. WPA was called a program for relief of the unemployed. But if one examined WPA spending minutely, he would see that every dollar for the unemployed was spent in an area where it would accomplish the most political good—where grateful mayors and governors and other local leaders could be induced to come down to Congress and warn that WPA appropriations must be kept up, or grass would grow in the streets.

Every dollar of so-called foreign aid is spent to influence the American political picture by supporting those who will support big spending.

There is nothing international about it, except the catastrophic effects on friendly nations.

For evidence of the way foreign aid has built up a body of vested interests which will work unceasingly to continue big spending, as far as possible from the eyes of Americans—I cite Eric Johnston's recent National Conference on Foreign Aid.

A list of the participants in that conference can be found in the CONGRESSIONAL RECORD. All the expenses of the conference were said to be contributed by private individuals or firms.

Does any Member of Congress believe this conference was organized by men unselfishly dedicated to finding a good foreign policy, or to defeat the reactionary isolationists who would otherwise run the country?

No, there is no one in this body so gullible as that. This conference was a conference of the men who get the gravy from foreign aid or of colleagues who innocently fronted for them. Those businessmen did not know they were sent here to blow up public sentiment for the next year's appropriations.

Some time ago, in an ICA press release, I noticed that ICA had one staff member assigned to keep in touch with the National Council of Churches. By what theory of government does an American agency keep in touch with a religious body, concerned in no way with its program?

I am only too certain that ICA has staff members assigned to keep in touch with Catholic agencies and Jewish agencies and the Friends, the Unitarians, and probably the Moslem religious leaders. Someone in their organization keeps in touch with the Rotarians, the Elks, the Odd Fellows, the women's clubs, the magazines, the press, TV, and the book publishers.

This is the certain result of big government spending, and no one in his right mind should be surprised at it. A government committed to big spending will never stand off and leave public opinion free to give voice to the opposition.

The spenders have reached the limits of arrogance in their attempts to influence Congress by sending paid hirelings or credulous volunteers to stir up our districts against us.

Mr. Chalmers Roberts, in an article in the Washington Post of May 23, 1958, describes one of the grass roots propaganda conferences, organized by the State Department with public funds. It was called a “Spring Conference On Foreign Affairs.”

Secretary Dulles and other high officials of the foreign policy agencies appeared and handed down to representatives of 137 “nongovernmental organizations” the official version of our foreign aid.

What these officials told the assembled representatives of such institutions is “off the record.” Reporters were per-

mitted to summarize the arguments but not to identify the speakers.

These officials, who were not willing to be responsible for their statements, said some very important things.

One of them made what Mr. Roberts called, "a plea for pressure at the Capitol to help pass the foreign aid and reciprocal trade extension bills."

If that is not improper and illegal activity by officials of the executive branch, what is illegal under statutes forbidding lobbying? Congress should find out.

The same official—whose identity can be guessed without too much effort—said that "Arctic flights of nuclear-laden bombers admittedly create a situation where there is a chance of war by accident or miscalculation." If that is not contradiction of our official position, what is? Why should foreign governments trust us, when we can not trust statements from the highest levels of our Government on whether these Arctic flights are fully protected against accident or not?

Soviet press representatives are freely admitted to such conferences. Obviously American adherents to the fifth column may be present as representatives of one or more of the non-Government organizations. Why should not the Soviet Union make propaganda use of such confusion and deceit in American foreign policy?

Another Government official talked off the record about the very delicate situation in France and that in Lebanon.

A third said the Soviet Union will surpass the United States this year in industrial investment, that is, presumably in industrial capacity. The answer was obviously more foreign aid.

Such statements are responsible if made to Congress or the press. They are irresponsible as well as illegal, if made to pressure officials of non-Government agencies. Executive secrecy acts as a barrier to limit the responsible but not the irresponsible.

Congress has steadily refused to come to grips with lobbying by Government employees using public money.

What a help it would be if Members of the Senate decided to act on this flouting of the law, before they took a vote on either foreign aid or reciprocal trade.

The correct answer to such tactics was made by Representative OTTO E. PASSMAN, chairman of the House Appropriations Subcommittee on Foreign Aid. Chairman PASSMAN suspended the hearings on the appropriation bill, because of what he called the unprecedented pressure campaign by executive agencies to influence Congress.

The executive branch is forbidden, by the separation of powers, and by statute law, from trying to influence congressional appropriations. The Congress can not ignore it, when executive agencies use public funds to distort and disorganize the legislative process.

Lobbying in Washington by government officials is bad enough, but it is far more serious when members of the executive branch, well supplied with public money, go out into the congressional districts, to organize a public opinion op-

posed to the best judgment of the area's representatives in Congress.

Members of Congress have no defense against such tactics. They have no funds, no staff and no time, to go back into their districts and defend their position.

The proper first step is that taken by Representative PASSMAN, to suspend congressional hearings until the pressure stops. The second step is for Congress to insist on the arrest and punishment of the officials responsible for such illegal and improper behavior.

We see the results of these conferences, organized and paid for by the State Department, as the flood of letters comes in, to tell us we must not tamper with foreign aid.

We can deal with foreign aid spending only if we face the fact that it is a domestic program, operated for political effects.

Foreign aid is a continuation of WPA.

The WPA was converted from a dole of the poor to a dole for big business, when World War II began, and renamed lend-lease. Lend-lease subsidized the big operators, so they would go along with spending unnecessary billions in the name of war. Like foreign aid, most of the excess spending went to interests at home which influenced public opinion.

How does lend-lease differ from foreign aid? Not at all.

How does either differ from the WPA if we remember the political advantages of a dole for the rich instead of a dole for the poor, as a way to get really big appropriations.

Congress will never come to grips with foreign aid spending, until it deals with the foreign aid bureaucracy as an instrument for the perpetuation of collectivism on an increasingly international basis.

I will say here and now that we can never have a sound foreign policy, and we can never have a sound military policy, until Congress decides to cope with this antagonist of true representative government.

The minority views of the House Foreign Affairs Committee estimate that, if this authorization is passed with its appropriation, the executive branch will have a total of \$12,129,307,500 in its pipeline, from foreign aid and surplus commodities, to give away in foreign countries.

This year the Senate Foreign Relations Committee has added a provision specifically stating that the giveaway is to include Poland and Yugoslavia.

Imagine our voting to tax our hard-working people for giveaways to Communist satellites, despite the fact that Tito has publicly stated that if war comes he will march at the side of the Communists, and notwithstanding the fact that the people of the satellite countries are enslaved to feed the Soviet war machine. Many Members of Congress have fought hard against this folly; so now the State Department wants full say.

Let me repeat it slowly, \$12,129,307,500, for foreign giveaways to be used in any way the State Department likes.

Congress can come to grips with the cancer of foreign aid spending whenever it has the courage.

Congress will never come to grips with this politically fatal disease, if it lets the spending bureaucracies make their own program, while it goes through the motions of trimming off a few hundred millions here or there.

Mr. President, You may ask me: "What is the alternative to foreign aid? Would you be willing to leave the brave Koreans or the free Chinese at the mercy of the Communist armies a stone's throw away?"

Of course, I do not propose to abandon Korea or free China or Turkey. On the contrary, I say that the State Department and the ICA intend to abandon them. They intend to cut anti-Communist military aid to a trickle, as fast as they can get their so-called economic development going.

But I admit the challenge. Can Congress abandon a program which has been in operation for 10 to 25 years? Are we committed to keep going, with a bad program, because we have so many involvements?

Let me tell Senators the answer. We do not need to abandon our present foreign policy. It is abandoning us. All we need to do is to pick up any daily newspaper and read the reports from the AP and UP-INS. We do not need to abandon our foreign policy. It is falling away like dust in the sands. We have not bought any friends. We have not stopped communism. But we are bankrupting our own Nation.

In some remarks I made in Indianapolis last October, I said:

There is a new wind blowing in the world.

I say now: There is a new wind blowing in Europe. There is a new wind blowing in Africa. There is a new wind blowing in Asia and in Latin America. There is a new wind blowing among the people of the United States. The American Government is aware of it, but hostile. Only Congress does not know that the political climate is changing so rapidly that we shall hardly recognize it in another year or two.

Epochs do not die with a bang. They die with a whimper. The people of the world are sick of socialism, statism, spending, and propaganda. They are sick of lies and doubletalk and two facedness. They do not want to be brain washed any longer, with their own money.

Germany has broken out. Italy has broken out. The Socialist constitutional structure of France is crumbling. Africa is seething. The Soviet leaders have made a complete shift from competition by armed forces to economic competition for the world. They sent up their sputniks to keep American eyes on the military threat, just when the Communists were ready to turn to more profitable fields.

Germany and Italy and Benelux are building themselves the most beautiful economic and political union in the name of the common market and Euratom. They are going to confront the Soviet Union with a block of people larger by many millions than the European Communist bloc. They will have the most powerful industrial complex in the world.

The English understood immediately the meaning of these European moves. They sent top flight officials to Germany to see how they could get a foot in the door. They are not going to be left outside while such golden economic opportunities are opening up.

Do we in Congress understand what is happening in Europe? We are confronted right now with a de facto united Europe, with a free continental market of a size comparable with ours. Its industrial plant has been almost completely rebuilt with our money, so that it will be at many points more modern than our own.

Let us take a look at this West European economic empire. When American manufacturers sell to France in competition with Germany, the Germans now pay the same tariffs our businessmen pay. As the tariff walls are taken down over Western Europe within the next few years, the American businessmen will find himself selling his product to France in competition with a German manufacturer who sells in France duty-free. What will happen then to our foreign trade?

That is not all. This rising industrial complex has in Africa a continental source of raw materials such as we had in our own country in 1789. The new Western Europe will open up the oil and minerals and wood and foodstuffs of Africa.

That is the key to the war in Algeria. The French want to be able to transport oil from the Sahara, across Algeria, so that they will not be dependent on the Middle East. So the Communists are pouring gasoline on the blazing fires of Arab nationalism.

Even the Soviet Union has abandoned the outmoded ideas of the postwar period. Its leaders know we are in a new era. They are planning a brilliant economic offensive to win over the uncommitted nations of Asia and Latin America. What model have they chosen? They are doing what the United States used to do, and should have done in place of the silly foreign aid. They are lending money, not giving it. They are sending their best industrial, technical, and military experts along with the money, not their do-gooders and amateur propagandists.

They have simply coordinated the economies of all the Soviet Union states into one gigantic combine, which will use all its resources and skills to win the world through economic warfare.

Mr. President, do you think the able leaders of Europe and Asia and Africa and Latin America do not know the new war is underway? Of course they know. Do you think they do not know it is directed at us? Of course they do. Do you think they are impressed by our stupidity? Why should they be?

Why do we not know? We do not know because we are still drugged by propaganda. We have heard so many fairy tales about foreign aid that we cannot see the cold reality.

Mr. President, do you think NATO will stand as a bulwark against this brilliant Communist strategy?

I do not often agree on foreign policy with the Washington Post, but I quote from an editorial of May 27, 1958:

The fact is that so far as effective ground defense is concerned, NATO is and for several years has been a shell. Its available troop strength consists largely of American and British divisions with some incipient German support. Most of the French Army strength pledged to NATO has been deployed in Algeria. The real deterrent to aggression against Western Europe is American strategic air power.

I ask, in parentheses, How isolationist can we get?

Now to return to the Post editorial:

Meanwhile, the political instability in France imperils the NATO infrastructure. Not only is the NATO headquarters just outside Paris but there is an elaborate system of bases and supply lines in France, including oil pipelines. * * *

This unlovely dilemma is not the only problem for NATO pointed up by the anguishing situation in France. There is the question whether, with the increasing dependence of the British on strategic arms for all-out war, any limited-war deterrent role for NATO is longer practicable. There is the question whether the neglected political and economic ties of NATO can at this late date be forged into something meaningful. And there is the central question whether it is, in fact, possible to hold together a military alliance in the face of altered Soviet tactics. * * *

The problems within NATO cannot be solved by pretending they don't exist.

Mr. President, I agree completely with those excerpts from the Post editorial. My only disagreement with the Post is in timing. I held the same opinion when NATO was first established. Even then, we were trying to solve problems by pretending they did not exist.

Mr. President, if you think the United States is beginning to look awfully silly, I am afraid I have to agree with you. If you think this program may be more than silly, if you think it may prove to be tragic, I have to agree with you.

Let me go back to the European Common Market. If an American businessman cannot export his products behind a tariff, in competition with a Germany inside a tariff wall, what can he do? He can take part of his working capital from the United States and can invest it inside the Common Market, and can sell without paying the tariff.

Let us call this program by its right name. It is a program of exporting employment. Let me repeat, Mr. President, it is a program of exporting jobs. The capital savings which used to make jobs in Pittsburgh and Detroit and Toledo will be journeying to Europe, to buy factory buildings and machinery and wages to pay to workers of foreign countries.

This is not new, Mr. President. It has been going on since the giveaway started, and it is increasing at a more alarming rate. When the bill to extend the so-called Reciprocal Trade Act is before the Senate, we shall debate this point further.

Who will be the losers, Mr. President? You know the answer. For the first time in our history, American workers will not be able to get enough capital to support the world's most productive, highest-paid jobs.

I ask the indulgence of the Senate while I lay down the outlines of an alternative program resting on a sound principle, namely, that the purpose of all our defense and foreign policies is to safeguard America.

I propose, that Congress transfer all foreign-aid funds to the Treasury, as of December 30, 1958, and that all existing contracts be assumed by the Treasury. The ICA would be abolished as of that date.

Foreign-aid funds would thereafter be paid out of the Treasury, on the basis of nation-to-nation agreements, as foreign loans were made through the ages. A handful of people could do all the work.

The projects system should be abandoned. This would end the huge American staffs which operate on foreign soil, American operations in foreign currency and banking, and all the rest. They are outrageous invasions of the sovereign independence of friendly nations, in addition to being extremely wasteful of our own people's earnings.

When friendly governments wished to hire American civilian or military personnel, to train their armed forces or to carry on technical economic training, this should be done by private contract between individual Americans and the foreign governments, on the model of General Chennault's training of the Chinese Nationalist Air Force. Many Americans have given devoted service to other governments in meeting advanced technical problems—military, financial, or engineering—without sacrificing their loyalty to their country or compromising the sovereign independence of their hosts.

The United States does not want any power or influence over any other country. The objective of our foreign policy should be taken from the words of the Liberty Bell—to proclaim liberty throughout all lands; to all the inhabitants thereof. How easy, then, to meet our problems, one by one.

The objective of our military aid should be to help anti-Communist nations with limited economic resources to get the modern training and weapons to meet a Communist thrust. Americans never wish to watch another Hungarian revolution in which brave men are sacrificed in heroic, but hopeless, defense of their homeland, because free men did not have the courage to give them arms. Such military assistance could be given to Korea, Free China, Vietnam, the Philippines, Pakistan, Turkey, and Greece, and to Spain, for operations of direct military benefit to us.

As I have said before, the valiant fighting men of Free Asia can, if properly equipped, hold, and eventually drive back, the armies of Communist China. Free Europeans, properly led, can hold, and eventually can drive back, the armies of European communism.

Our men can come home.

The substance of our policy for Western Europe should be hands off.

Why should the United States give any military aid, either direct or indirect, to England, France, Germany, or Bene-

lux? The agreement with Norway, and perhaps the one with Denmark, might be somewhat similar to that for free Asia.

The United States should make no attempt to influence the military or political policies of England, France, Germany, or any other country, except by nation-to-nation agreements. These should be fully in the interest of other countries, as well as ourselves, or else they are worthless. They should have the full consent of the political forces in each country, or else they are worthless.

If West Europeans wish to protect themselves against Soviet attack, they can do it unaided. They raised tens of millions of fighting men in World War I and World War II. If they do not wish to preserve their own independence, they can be of no help to us in time of trouble.

We can use no bases in time of war, except in countries ready to fight for their own freedom, and free of the danger of fifth column subversion.

The United States should grant no more funds to any multinational system.

Really useful functional cooperation among the NATO countries might survive if it is based on mutual agreements among member governments; otherwise, it is of no use to us or to any other anti-Communist nation for protection against Soviet attack.

NATO was always meant to be more than military. It was designed as a way to put together the interchangeable parts of world government. The growth of its power is a very great danger to American sovereignty, as I pointed out in material I inserted in the CONGRESSIONAL RECORD of August 15, 1956.

NATO is also a dangerous threat to the American Constitution, as I said in Los Angeles in June 1957. The NATO superstructure makes it impossible for the sovereign American people to choose new policies by a national election, as they used to do, when they voted out the party in power.

The Germans are already taking the lead in coordinating into a new European Defense Community the military plans of Germany, France, and Italy.

We have no business interfering in European defense policies. The countries of Europe have had more experience in war than we have had. There is no good reason why west European military planning should be confused by intervention of the American State Department, with its bias in favor of world government.

One problem remains. We should make it clear, especially to nations on the frontier with communism, that we have not weakened, in the slightest, our determination to block every increase in power by the Communist Leviathan. On the contrary, the change I propose would strengthen our purposes by simplifying our governmental machinery, and abolishing the dark places where fifth columnists do their deadly work.

In place of fictitious mutual security, we can once more offer our historic policy of the right of national independence, for which we fought in our Revolutionary War, and on which we insisted for others

in the Monroe Doctrine and the Open Door in China.

The United States should increase its interests in the American hemisphere, including Canada and Latin America. This special area might include the Philippines and Australia.

We should strengthen our economic ties with Latin America by private business, existing lending agencies, and tourism, not by government aid which they do not want.

There is much more we could do to improve the subtle psychological relations between the United States and both Canada and Latin America, who are our best customers as well as our peaceful neighbors. Liquidating useless ties with other parts of the world would free our energies for improving relations with our friends.

It is a known fact that Canada, which has a population of only 17 million, takes 25 percent of the total export trade of this great nation. Yet today, because of the silly policies of our Government in appropriating money in order to give away surplus grains to countries all over the face of the earth, we are destroying the market for the best exportable commodity our best friend and best customer has, namely, Canadian wheat.

The Pan American Union should be completely divorced from the United Nations, which was set above the Monroe Doctrine by Secretary Acheson's finesse.

The United States Congress should establish as basic a return to private economic operations, free from regulation, supervision or aid, by the United States or foreign or international agencies.

This would put an end immediately to the economic development programs, which are designed to keep ICA in business indefinitely and to bring huge windfall profits to the insiders.

I know there is not the slightest hope that such a program as I have outlined could be adopted at this session. But if even a few Members of the Senate wish to make a new start, here is a blueprint of how to begin.

In his last broadcast on May 26, 1953, Senator Robert Taft told us, as his parting advice, to "go it alone" in the Korean war and forget about the United Nations. Think how much sorrow the world would have been spared if the Americans had been permitted by their Government to go it alone in Korea, to crush the Red Chinese armies, to bar the conquest of southeast Asia, and to remind the Soviet Union of our colonial flag with the coiled serpent and the motto, "Don't tread on me."

We in Congress are the heirs of a heroic struggle. The right of the people to limit the spending of their Government was not won with legal briefs and oratorical contest. The right to question what the king and his counselors spent with public money was won by men who knew the headsman's ax was punishment for a mistep. The right of the Parliament to say what taxes the rulers could raise led to one bloody civil war in England, and another, the War of the Revolution, in America.

We here today did not risk our lives to win these great powers. How can we refuse to exercise them? We in this body will not be punished by having our heads cut off on the block, or be torn limb from limb on the public highway. We shall be punished by a flood of letters from the organized propaganda machines. Do we fear little pieces of white paper with black marks on them? Many Members of Congress have faced German machine guns and Japanese bayonets, flak over Europe, and kamikazes over the Pacific. Are we afraid of letters? Are we afraid of trumped-up conferences?

Certainly the American people do not wish us to support the foreign-aid follies.

They do not in my State, and I think that is true of the people of every other State, as Senators will find if they will talk with their constituents.

It may take a little while for them to show their approval if we begin to cut this sickness out of the body politic. But I assure you, Mr. President, the support will come, as it is coming, 99 to 1, for the bill limiting appeals to the Supreme Court, so Congress and the States can protect our country against the fifth column.

I say that Congress must bring spending back under its control, or become a hollow shell.

I say the Congress cannot control a bureaucracy of nearly 5 million spenders, civilian and military, if it sits tamely waiting for the spenders to tell us how much money we must give them, while they send their emissaries into our districts and States to tell us they are public opinion, and we must represent them.

I have said again and again that Congress alone could save the Republic. I have said that if Congress is not going to fight the collectivist network which is feeding on our people, we should close the doors of the Capitol, haul down the flag from the Dome, and go home.

In this bill we are not voting whether the ICA shall get \$3 billion or \$12 billion to give away.

We are voting on whether our sovereign American people still have the right to choose our foreign policy, and to dislodge officials who have kept us too long in bondage by using our own money—our money, if you please—to blind our own eyes.

The American people are strong in mind, strong in body, strong in spiritual health. But they cannot solve their political problems in a town meeting. They can solve the ever more ominous political problems of our time only through their chosen representatives, assembled in Congress.

This is a trust of which we can be proud. I know Congress will be worthy of the trust.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. JENNER. I am glad to yield.

Mr. DWORSHAK. The Senator from Indiana will soon be voluntarily terminating his service in this body, and as he does so I am sure he is deserving of the commendation of the American people for his dynamic crusade in support

of basic American issues, such as the safeguarding of individual rights and the building up of a strong national defense.

Obviously today there is questionable interest, on the part of the Members of this body or those in the executive agencies, in advocating basic principles which are essential to preserve the Republic, insofar as Federal spending is concerned.

I am sure the Senator from Indiana recalls that a decade ago, when the Marshall plan was created, the people of the United States were given assurances by Paul Hoffman, the first Administrator of the Marshall plan, that the program would last only about 4 years and would involve the spending of only \$15 billion or \$17 billion.

Mr. JENNER. The Senator is correct.

Mr. DWORSHAK. Today, a decade later, after we have spent approximately \$70 billion promoting the Marshall plan and its successors, we find turmoil and conflict throughout the entire world.

I wonder if the distinguished Senator from Indiana can give the American people any assurance that there will be a reappraisal of this program, with a revitalizing of interest in determining whether by such spending policies we are actually bringing relief to the free nations of the world through military and economic aid, or whether in reality we are bankrupting our own Government and weakening it to such an extent that it cannot carry the burdens which result from the challenge of Communist aggression.

Mr. JENNER. The Senator from Idaho has paid me a very high compliment.

I am very fearful that we will not win this fight. There is nothing wrong with the American people, but there is no way in the world one can get the story to the American people, because the mass means of communication have joined in the brainwash propaganda with all the slogans the Senator from Idaho and I remember.

First Mr. Hoffman said the Marshall plan would be 4 years and would cost \$15 billion. Then we moved on to a new era, when it was said, "We have to help war-ravaged Europe, and get it on its feet again." Now the productive plant there is greater than ever, but the program goes on and on. Then it was said, "We have to have NATO in order to provide military assistance for the defense of our country."

I have tried to go through the matter systematically in my remarks. I have stated my firm beliefs. I am afraid it is very late. I am afraid it may be too late.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. JENNER. I yield.

Mr. DWORSHAK. It is true that few Members of this body have heard the Senator from Indiana make his persuasive remarks today, but I have observed that throughout the Senator's very effective speech there have been present in the galleries from 12 to 20 representatives of the press. Having been a newspaperman for many years prior to my service in this body I feel confident that since we still have a free press in this

Nation, notwithstanding the propaganda activities of Eric Johnston and his cohorts, we can finally bring this message to the people and convince them that there is still time to save and preserve the Republic. Does the Senator from Indiana share the hope and the confidence that we shall still be able to awaken the American people and alert them to the real dangers facing our country?

Mr. JENNER. I know that is true, because in my State the people will not elect to public office—for example, to the United States Senate—a man who does not have these beliefs. The reason for that is not found in what I have done. I am not leading my people. The propaganda of the State Department and the bureaucracy has failed to influence the people of Indiana, because there is in that State a conservative and free press which still believes in the basic fundamentals which have made America a great Nation.

I can start at the top of the State, with the Chicago Tribune, which is circulated over the northern third of the State. Then there is the great Fort Wayne News-Sentinel, in the Fourth District. We have the Indianapolis Star, which covers the two-thirds middle of the State like the dew. We also have the Indianapolis Times, the Indianapolis News, the Richmond newspapers, the Bloomington newspapers, and the Bedford newspapers.

In other words, the people of Indiana know what is right, because the great press of Indiana has kept them completely informed and they have never been brainwashed and propagandized.

Yes, the Senator from Idaho has answered his own question. If we can get the message to the American people, there is nothing wrong with the people.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. JENNER. I yield.

Mr. DWORSHAK. As we consider the annual authorization of the appropriation for the foreign aid program, instead of having some assurance that we may be hopeful the program will terminate soon, we are told it may be necessary to continue the program for another decade.

Mr. JENNER. The Senator is correct.

Mr. DWORSHAK. Will the Senator from Indiana agree with me that if the program had proved to be successful, then today we would not be standing in the shadow of Communist aggression, which is gaining rapidly in every sector of the globe, and facing realities in countries like France, which have been the beneficiaries of billions of dollars of foreign military and economic aid? Today some of those countries are at the crossroads. While the aid from the United States undoubtedly has accomplished some worthwhile results, the fact remains that the Marshall Plan and its successor devices have not done the job the American people were told a foreign aid program would do.

Mr. JENNER. Of course not. All one needs to do is look in the daily press to see where we stand. We do not have any friends. We do not have any staunch allies. Communism is gaining

every day, and we are bankrupting our country.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. JENNER. I yield.

Mr. DWORSHAK. Is the Senator aware of the fact that within the next few weeks this body will debate a legislative proposal to make available to countries in Europe some atomic energy information and facilities for using nuclear power, not for peacetime purposes but for military uses? Is the Senator aware of the fact that the proposal is to make such information available to countries which do not have this valuable research information about atomic energy? Also, we shall be considering a proposal to authorize the appropriation of about \$350 million to subsidize the development of approximately 1 million kilowatts of nuclear power in 6 nations of Western Europe, operating under EURATOM?

Although we have spent \$70 billion to strengthen the economic structure of those free nations of the world and to build them up militarily to defend themselves and to cooperate with us, we are now confronted with a proposal to initiate new policies which go far afield and provide for sharing highly classified nuclear information dealing with research and other important matters with foreign countries. This information and facilities ultimately may be used against the United States, if we should become involved in a global war.

What does the Senator from Indiana have to say about that proposal?

Mr. JENNER. As I said in my remarks, it seems as though when we finally catch up with the failure, the foolishness and the absurdity of one program, an immediate transfer is made to another program.

The Senator will be able to discern, from the Washington Post article written by Chalmers Roberts, that NATO is now a joke. NATO is past history; it does not help the defense of this country at all. NATO is really only a shell, as the article says.

Now we come to something new, which is atomic power. That is the story every time we catch up. Then a new program is started. We cannot get ahead of the foreign-aid advocates in that way, because they have literally tens of thousands of planners, in a staff operated with public money, working day and night to find ways and means to carry on these foreign aid follies.

Mr. DWORSHAK. Mr. President, will the Senator further yield?

Mr. JENNER. I yield.

Mr. DWORSHAK. Does not the Senator agree with me that, as we propose new aid policies under one name or another, and continue the programs of the past decade, it is inevitable that we shall weaken the economic fabric of our own country? I wonder if there is a conspiracy to destroy our country, to dupe the American people, and withhold from them vital and essential information which, if they had it, would convince them that the time has come for a reappraisal of foreign policies which have not been successful throughout the past decade.

Mr. JENNER. The Senator is correct. Mr. DWORSHAK. What must we do to awaken the American people to the situation confronting them today?

Mr. JENNER. There is no question that what the Senator from Idaho says is exactly correct. Such policies can only lead to the eventual destruction of this country.

Consider our fiscal policies. In my remarks today I have been discussing only the foreign-aid appropriations, which amount to more than \$12 billion.

Only a few weeks ago we increased the lending authority of the Export-Import Bank by another \$2 billion. We are spending more than \$3 billion a year on military bases. We send abroad almost \$2 billion a year in tourist trade. United States salaries abroad amount to approximately \$400 million a year. In addition to what our Government is spending, our servicemen abroad are spending \$600 million a year. When all these sums are added together, the total is enormous.

We have had to raise our debt ceiling. Our debt is now \$280 billion. We are bumping the ceiling. We shall have to raise it again. We are hearing talk now about a \$300-billion debt. We hear talk about a 48-cent dollar. If reference is made to the automobile dollar, it is not a 48-cent dollar. It is a 30-cent dollar. If reference is made to the cost of building a home, the dollar is worth only 30 cents. We do not have a 48-cent dollar now. The value of the dollar is going down and down and down. The ultimate end is complete chaos, wild inflation, and the destruction of the greatest Nation under God's sun.

Mr. DWORSHAK. Mr. President, I should like again to commend the Senator from Indiana for the outstanding and valuable service he has rendered throughout his Senate career. I sincerely hope that when he leaves this body he will continue in various ways, as a private citizen, his efforts to reawaken and alert the people, so that they may appreciate how serious, acute, and menacing many of these problems are today, as we coast along complacently in the face of worldwide danger, when we should have the full realization that we have fewer and fewer friends throughout the world today than we have ever had. If we become involved in a holocaust, we must be prepared, as we did in Korea, to assume almost the entire responsibility of safeguarding this country and preserving our American way of life.

Mr. JENNER. I thank the Senator. I assure him that I shall always be interested, and will do my best.

TRANSFER OF NAVAL VESSELS TO FRIENDLY FOREIGN COUNTRIES

Mr. SALTONSTALL. Mr. President, I asked unanimous consent that the Senate proceed to the consideration of Calendar No. 1613, Senate bill 3506. I do so with the understanding and consent of the majority and minority leadership.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3506) to authorize the transfer of naval vessels to friendly foreign countries.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with amendments, on page 1, line 4, after the word "may", to insert "extend the loan of one aircraft carrier to the Government of France until June 30, 1960, and may in addition"; on page 2, line 1, after the word "exceed", to strike out "seventeen" and insert "nineteen"; in line 4, after the word "area", to strike out "(Taiwan" and insert "(Japan, Taiwan,"; in line 5, after the word "exceed", to strike out "two" and insert "four", and in line 6, after the word "exceed", to strike out "seven" and insert "three"; so as to make the bill read:

Be it enacted, etc., That, notwithstanding section 7307 of title 10, United States Code, or any other law, the President may extend the loan of one aircraft carrier to the Government of France until June 30, 1960, and may, in addition, lend or otherwise make available to friendly foreign nations, from the reserve fleet, on such terms and under such conditions as he deems appropriate, destroyers, destroyer escorts, and submarines, as follows: (1) North Atlantic Treaty Organization and European area (the Federal Republic of Germany, Greece, Italy, Norway, Spain, and Turkey) not to exceed 19 ships; (2) Latin American area (Argentina, Brazil, Chile, Colombia, Cuba, Peru, and Uruguay) not to exceed 17 ships; (3) far eastern area (Japan, Taiwan, and Thailand) not to exceed 4 ships; and (4) a pool of not to exceed 3 such ships to be loaned to friendly nations in an emergency. The President may promulgate such rules and regulations as he deems necessary to carry out the provisions of this act.

SEC. 2. Loans under this act shall be for periods not exceeding 5 years. All loans shall be made on the condition that they may be terminated at an earlier date if necessitated by the defense requirements of the United States.

SEC. 3. All expenses involved in the activation, rehabilitation, and outfitting, including repairs, alterations, and logistic support, of vessels transferred under this act shall be charged to funds programed for the recipient government under the Mutual Security Act of 1954, as amended, or to funds provided by the recipient government under the reimbursable provisions of that act. In the event that a loan is terminated by the United States prior to the expiration of the loan period, the Secretary of Defense may reimburse the recipient government on a pro rata basis for funds provided by it under the reimbursable provisions of the Mutual Security Act of 1954, as amended, in connection with the loan.

SEC. 4. No vessel may be made available under this act unless the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that its transfer is in the best interests of the United States. The Secretary of Defense shall keep the Congress currently advised of all transfers under this act.

SEC. 5. The authority of the President to transfer naval vessels under this act terminates on December 31, 1960.

Mr. SALTONSTALL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, the bill under consideration would authorize the President to loan to various foreign countries not more than 43 ships from the reserve fleet. The ship types involved are destroyers, destroyer escorts, and submarines. The bill also would authorize the extension for 2 years of an existing loan of a small aircraft carrier to France.

The proposed recipients and the number of ships involved are these:

First. North Atlantic Treaty Organization and European area—the Federal Republic of Germany, Greece, Italy, Norway, Spain, and Turkey—not to exceed 19 ships;

Second. Latin American area—Argentina, Brazil, Chile, Colombia, Cuba, Peru, and Uruguay—not to exceed 17 ships;

Third. Far Eastern area—Japan, Taiwan, and Thailand—not to exceed four ships;

Fourth. A pool of not to exceed three ships to be loaned to friendly foreign nations in an emergency.

The ships will be used by the recipient countries to discharge naval responsibilities assumed by them in their areas. Use of these ships will contribute to the total antisubmarine capability of the free world.

The Chief of Naval Operations, Admiral Burke, testified before the Armed Services Committee in support of this authorization. He indicated that this loan program is valuable to the United States for several reasons. The bill would assist in the mutual defense of the free nations. It would result in having ships in operation at critical points in the event of an emergency. The United States Navy reserve fleet would become more effectively dispersed; ships in operation are of greater value to us than ships in the inactive reserve fleet.

Another advantage to the United States is that these loans would offer the opportunity for extending United States influence throughout the world. Crews that will operate the ships are trained in the United States. Experience has shown that these crews take home a favorable impression of our country and our people and that this contributes to a greater trust and understanding between our countries.

The committee inquired about the ability of the recipient countries to maintain and to operate these ships effectively. Assurance was given that the proposed recipients are capable of operating the vessels properly and without imposing on themselves an intolerable financial burden.

The total cost of activating these ships is approximately \$93 million. Of this amount, it is estimated that at least \$41 million of the expense will be borne by the recipient countries under the reimbursable provisions of the Mutual Security Act of 1954. The difference of approximately \$52 million will be funded

from grant aid under the Mutual Security Act.

In addition, modernization costs of about \$48 million will be incurred. Of this amount, it is estimated that \$10 million will be paid by the recipient countries and that the remainder of \$38 million will be borne by the United States in the form of grant aid.

An amendment requested by the Department of Defense during hearings on this bill would authorize the extension of an existing loan of the small aircraft carrier *Belleau Wood* to France. This loan would expire on June 30, 1958, unless extended. The French Government is presently constructing a new aircraft carrier *Clemenceau*, and has requested an extension of the loan of the *Belleau Wood* until June 30, 1960, at which time the *Clemenceau* will replace the *Belleau Wood* in the French fleet.

I should like to emphasize that the authority for these loans is permissive and that the President is not required to execute the loans if circumstances should indicate that it is undesirable, for any reason, to make the loans after the authorization is granted.

Mr. President, it is my understanding that the Senator from Florida [Mr. SMATHERS] wishes to offer an amendment. So as to facilitate his request, I ask unanimous consent that the amendments of the committee be agreed to en bloc, that the bill as amended be considered as original text for the purpose of amendment.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

Mr. SMATHERS. Mr. President, I have carefully studied the pending bill, and seriously question the advisability of its passage at least insofar as its provisions relate to seven Latin American countries.

Under its provisions 17 ships of the destroyer escort and submarine class would be made available to Argentina, Brazil, Chile, Colombia, Cuba, Peru, and Uruguay. I might add at this point that though Ecuador had expressed an earnest desire to be included in the bill, its wishes were not complied with for alleged economic reasons.

Last year a representative of the Defense Department told me that Ecuador was excluded because it is beyond the nation's economic capabilities to maintain and operate an additional ship of the destroyer or destroyer-escort size.

Since none of the seven Latin American countries specifically named in the bill has sufficiently strong economies to enable them to carry a big burden of modern military equipment, it is difficult for me to reconcile why Ecuador was singled out inasmuch as its economy is in no worse condition—nor is it in any better condition—than the economies of the Latin American countries which are included in the bill's provisions.

From the standpoint of fairness, Ecuador, in my opinion, should be included along with other maritime nations of South America. For that reason I will submit an amendment to add Ecuador to the list of Latin American recipients.

However, for reasons which I will now discuss, with or without Ecuador in the bill, I intend to vote against the proposal insofar as it pertains to Latin America. The Vice President's recent experiences in South America provide all too vivid indications that our policy in the area leaves much to be desired.

FOREIGN RELATIONS COMMITTEE PROBE

A subcommittee of the Committee on Foreign Relations, under the able leadership of the senior Senator from Oregon [Mr. MORSE], is about to conduct a searching probe of what has gone wrong in our relations with Latin America. One of the facets which must be considered is the effect of our past military aid programs. Even prior to the recent deplorable incidents, there was a growing sentiment, visible in the Senate, that military aid to Latin American countries was out of proportion to economic aid.

IS MILITARY ASSISTANCE THE ANSWER?

The seven countries named in the bill are our friends. Along with the 13 other American Republics, they constitute a vital force in our own prosperity and security. During my years in Congress I have made my position clear with regard to reinforcing inter-American solidarity as a bulwark of western civilization. If I now question the provisions of S. 3506, it is not because I have in any sense diminished by esteem and regard for Latin America and its vital importance to the United States.

The Latin American people are a proud and wonderful people. Without doubt they want to do their part in the free world's struggle to maintain its freedom from Communist expansion.

The basic reason advanced for including seven Latin American countries in the bill is that it will "strengthen hemisphere defense." In past mutual security hearings, representatives of the Department of Defense have argued that military assistance to Latin America would relieve the United States of the necessity to divert more than 100,000 men to man defenses south of the Rio Grande, as was the case during World War II. This is a worthwhile objective.

However, military strategy and world conditions have changed considerably since World War II, and the central question as I see it, therefore, is to determine in what way, at this stage of world developments, the Latin American countries can make their most effective contribution to hemisphere defense and to free-world defense.

In connection with the proposed anti-submarine work which would be performed by the ships in question, I might say that an article was published in a recent issue of the *Wall Street Journal*—I believe it was on Wednesday, the 28th of May—which discussed the new submarines the United States is building, one of which was recently placed on active duty. The article stated that the new submarines can travel at more than 20 knots, and that that speed no doubt will be doubled when atomic reactor plants are installed in submarines of the hull design of the *Skipjack* class. Of course, the exact speed of the sub-

marines is a Navy secret, but it is known that the speed is sufficient to enable the submarine to outrun the swiftest destroyer or destroyer escort, and it can be pursued effectively only by airplane. Furthermore, the submarine need not surface for air, and is required to come up only to take on food and supplies and to give its crew a change of pace, so to speak.

Mr. President, in the light of what the Soviet Union has been doing with respect to the development of nuclear power, and certainly with respect to the launching of guided missiles and sputniks, it would appear to me that undoubtedly the Soviet Union is already making some progress with the development of the same type of submarine that we are building; and such a submarine can run circles around any destroyer we now have, and certainly any of the older destroyers which it is intended to give to Latin American countries. Therefore, there would be very little benefit to us from the standpoint of any antisubmarine work so far as these ships are concerned.

I am afraid that here once again our military is making the same mistake, in trying to fight the next war in terms of the last war, and do not make a particularly good argument, in the light of recent developments in the Soviet Union with respect to the building of not only a great many submarines, but also the new type of nuclear-powered submarines.

THREAT TO LATIN AMERICA NOT MILITARY

Nobody considers seriously that Communist military invasion is an immediate threat to Latin America. Certainly this is the judgment of experts in the Department of State and the Pentagon. The nature of Latin America's strategic relation to the international Communist conspiracy was well summed up by the General Counsel for ICA in the hearings on the Mutual Security Act. He stated:

Because of its geographic location, there is no immediate threat of massive external Communist aggression, such as exists around the perimeter of the Soviet bloc, in places like Korea, Vietnam, Taiwan, and Western Europe, and hence no pressing requirement for the creation and maintenance of large modern military forces. This does not mean that there is no Communist threat in the area, but, rather, that it takes the forms of subversion and of political, economic, and cultural penetration, and must generally be dealt with by other than conventional military measures.

The disturbances which occurred during the Vice President's South American tour should be warning enough that the Soviets are finding fertile soil for their brand of subversion. Does it make sense to try to combat subversive ideological and political tactics with military aid? I think not, since the basic problem is an economic one and its solution must be resolved from that angle.

THE CHANGED NATURE OF WARFARE

Moreover, I am not convinced of the accuracy of the Pentagon's contention that military aid to Latin America will spare us our World War II experience there. Obviously, nuclear developments in the past decade have greatly changed

voted overwhelmingly for it time and again. They have adopted a constitution on which a State can operate. They have sent by popular election two Senators and a Representative to Congress, under the historic Tennessee plan, as evidence of their desire to be full-fledged members of the Union.

Second. The people of the United States favor bringing Alaska into the Union. Cross-section groups in different parts of the country have voted for admission by ratios ranging all the way from 5 to 1 up to 12 to 1. The American people have believed for years that their fellow citizens in Alaska ought to have the right to vote in national affairs and to participate effectively in the work of Congress.

Third. Both political parties have promised repeatedly in their platforms to work for statehood. The most recent time was in 1956, less than 2 years ago. Actually statehood for Alaska was first proposed in Congress in 1916.

Fourth. National leaders of both parties are for Alaska's entry into the Union. President Eisenhower, Secretary of the Interior Seaton, and Republican Senate Leader Knowland are three of the prominent GOP leaders who are for admission, the President declaring himself anew only last week. Speaker RAYBURN is leading the Democratic forces in the House. Adlai E. Stevenson, Democratic standard bearer in 1952 and 1956, has spoken for bringing in a new State.

Fifth. Congress itself favors statehood. When the House voted last week on the question of taking up the bill, the division was 217 for considering it to 172 opposed. Had the 100 Republicans who voted "nay" known that President Eisenhower was going to recommend passage, the margin for Alaska would have been much larger. As it was, the majority was a sizable 45. Four years ago the Senate passed a bill to admit both Alaska and Hawaii by the heavy majority of 57 to 28.

Sixth. The population of Alaska, 212,500, is greater than that of 22 States—almost half the members of the present Union—at the time they were admitted. But more important than Alaska's present population is the rate of growth of its population. In the first 6 years after the 1950 census, the population of Alaska grew almost 49 percent. Within the United States, the national average growth was about 13 percent for the same period.

Seventh. The rich resources of Alaska deserve the kind of development which will come with statehood and a still greater growth in population. Already the timber, metals, minerals, fish, and other products that have come from Alaska have returned more than 400 times the \$7 million the United States paid Russia shortly after the Civil War. No one knows the extent of the vast oil reserves awaiting exploration.

Eighth. Alaska is a geographical outpost of the United States in the Pacific which should be made a more effective part of our defense system. In World War II Alaska was the only part of North America invaded by Japanese forces.

Ninth. There is no remotest question of the loyalty of the people of Alaska. A report by the Federal Bureau of Investigation in 1951 said there were only 10 Communists in the entire Territory. The likelihood is that the number is smaller now.

Tenth. Admission of Alaska will show the world that the pioneering spirit which made this country great is not dead. It will demonstrate that we have not grown old and tired, but that, on the contrary, we are ready and willing to carry on vigorously along frontiers.

To these 10 reasons for admitting Alaska it would be easy to add others—as for example, with Alaska admitted the way will be open to exhibit the same justice and fairness to Hawaii. Surely these 10 are enough when the chief arguments on the other side are

little more than inertia, local pride, or prejudice.

Pass the Alaska bill.

Make this session of Congress historic.

Infuse new blood into the Union.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). As a Senator the present occupant of the chair suggests the absence of a quorum; and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. NEUBERGER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

GRANTS FOR CONSTRUCTION AND EXPANSION OF PUBLIC COMMUNITY JUNIOR COLLEGES

Mr. NEUBERGER obtained the floor.

Mr. YARBOROUGH. Mr. President, will the Senator from Oregon yield to me, for the introduction of a bill?

Mr. NEUBERGER. I yield.

Mr. YARBOROUGH. Mr. President, I introduce a bill to authorize an annual grant of \$200 million for 5 years to assist States to cope with the emergency in higher education presented by skyrocketing college enrollments. The bill provides for Federal assistance in the construction of public community junior colleges.

Testimony which I have heard before the Senate Labor and Public Welfare Committee indicates that the number of potential college students in the United States will be doubled by 1970. Unless immediate steps are taken to construct buildings to accommodate them, the children of the veterans of World War II and the Korean conflict will be denied opportunities to attend college, simply because there will not be room for them.

Today, many high-school graduates are being denied an opportunity to go to college, simply because the colleges say they are full and have no more room. This is a denial of the American dream of a college education for every boy or girl who wants it and is capable of mastering the courses.

This bill provides grants for extension of existing public junior college facilities, or the establishment of new facilities. It provides for the development of State and local junior colleges, with special priority to the areas in need of higher educational facilities. States whose plans are approved will receive a flat Federal grant, with additional funds to be matched by the States.

The bill leaves wholly under the States control of these public junior colleges. There is no danger, under this bill, of Federal control of junior colleges.

The failure to provide adequate educational facilities for the young people of America is leading to the waste of the

greatest of all our resources, our human resources.

In the next 15 years, the college population of Texas alone will increase by 75 to 100 percent, and similar increases will take place throughout the rest of the Nation. There are 32 public junior colleges in Texas, and additional ones are authorized and are in the process of formation. If our society is to continue to grow and to develop, we must be alert to the particular needs of our times. The junior college represents a movement which has grown out of the educational needs and demands of our people.

The construction of public community junior colleges will be of distinct value to the Nation, as we strive to meet the urgent need for more and more highly skilled people. The junior college has played a very important role in Texas, because it has given thousands of students—who otherwise might not have been able to afford post-high-school study—an opportunity to pursue their studies beyond the high school. The outstanding contribution of the public junior college program throughout the Nation warrants our attention now. Through its expansion, the Nation's urgent need for more semiprofessional personnel can be met. The expansion of public junior community colleges, which the bill provides, would be as significant to the future of this country's world leadership and industrial productivity as the land-grant college legislation has been for 96 years.

For the future security of the Nation and for the continued fulfillment of our Nation's educational goals, we must recognize the need for the continued development of the community junior college.

So, Mr. President, I introduce, for appropriate reference, a bill to provide for Federal assistance for the construction and expansion of public community junior colleges.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3932) to provide for Federal assistance for the construction and expansion of public community junior colleges, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. YARBOROUGH. I thank the Senator from Oregon for yielding to me, so that I might introduce a bill which I believe to be on a very important subject.

Mr. NEUBERGER. Mr. President, I have been very happy to yield to the Senator from Texas for the introduction of so important a measure.

SELECT COMMITTEE TO STUDY FOREIGN ECONOMIC POLICY

Mr. NEUBERGER. Mr. President, I now come to the subject on which it is my privilege to address the Senate today.

Mr. President, from all sides we see mounting evidence of the great challenge which confronts the United States today in the realms of international economic policy.

This challenge is not as dramatic as the conquest of space and the threat of intercontinental ballistic missiles armed with nuclear warheads.

It is not as immediate as the terrible crisis facing the Atlantic community in France and in north Africa, or as the potentially explosive power struggles in the Near East.

It does not lend itself to oratory as readily as does, for example, the ideological battle between the Communist doctrines of dialectical materialism and the democratic philosophy of individual liberty.

This challenge in the real of international economic policy is not even exclusively one that can be pin-pointed as coming from an adversary—from communism or Soviet Russia—although the challenge of Mr. Khrushchev is very explicit indeed, and backed by impressive displays of present and potential performance.

Nevertheless, the mounting evidence indicates that the fate of the world in our lifetime is more likely to be determined by the success or failure of the free democracies' economic systems, of their interrelationship, and of our economic policies, than by either atomic war or ideological debate.

To the so-called uncommitted nations—and that means largely the underdeveloped countries whose people have only recently emerged from colonial bondage, carrying with them deep-seated resentment and suspicion of western and capitalist institutions—Mr. Khrushchev offers the vision of economic and industrial development under the harsh but rapid forced-draft patterns of Communist Russia and China. Here, the fate of our competing political systems and philosophies will hang in the balance of a choice that will be made on economic grounds.

To the older, more developed countries, the Soviet leaders offer glittering promises of trade with what they confidently predict will soon be the largest, richest, most powerful bloc of nations in the world—offers which can promise more favorable terms than are available in the west because they are made in a context of foreign policy, independent from the short-run needs and fluctuations of any domestic commercial markets within the Communist bloc.

We have had ample warnings that such Soviet sallies on the international economic front are effective—and their future effectiveness will be in direct relation to whatever opportunities are opened or closed to them by the success or failure of our own international economic policies.

Furthermore, we have recently seen ample evidence that economic issues are basic points of challenge to our foreign policy, quite apart from anything the Soviet Union has done or may do. We confront it in the development of a common market and other integrated economic institutions in Western Europe, which—if they are not destroyed by the present French crisis—will inevitably carry with them crucial political consequences. We have seen such evidence in our own hemisphere—even in our relations with our great and close neighbor

and ally, Canada, where Soviet policies certainly have played no role.

American, not Russian, economic policies are the issue in the worsening of our relations with Canada, and American, not Russian, economic policies are widely agreed to be the issue in our relations with the Latin American nations, where the Vice President received such mixed receptions recently. For the time being, the United States, along with the older western democracies of Europe and the Commonwealth, still constitutes incomparably the strongest, richest, most influential economic unit and factor in the world economy. The challenge that faces us is whether or not we can so organize and apply our policies that this strength and wealth will serve not merely the economic objectives which we have as a Nation—not merely the goals of prosperity and security of the individual segments of our internal economy—but also the greater, noneconomic objectives of our national interest in the modern world. The challenge, in brief, is whether or not we can make foreign economic policy serve the ends of foreign policy, as well as those of our domestic economy.

SENATE STUDY NEEDED NOW

Mr. President, I propose that the Senate prepare to respond to this challenge while it is still of manageable proportions; while we still have time to meet it in an orderly fashion, on the basis of adequate information, study, and public deliberation. Too often, the Congress is criticized for being shortsighted, for facing only the issue immediately before it at the moment, and for habitually investigating only at the moment of crisis or disaster problems to which others had vainly sought to draw attention before it was too late.

For a considerable time, responsible leaders from President Eisenhower on down have been drawing our attention to the problems of our foreign economic policies. The frequency and intensity of the danger signals have increased rapidly in recent months, and I shall refer to some of them later. From time to time, in the past, studies have been made by Presidential commissions and under various private auspices, which have resulted in the accumulation of valuable knowledge and policy ideas. But the ultimate responsibility for enacting into law any such policies remains with the Congress, and it is to the Congress that the American people most particularly turn in such matters as economic policies, that have a pocketbook impact within our own country.

I propose no such specific policies today. But I do propose that, at this important juncture, the Senate act now by undertaking its own study of the challenge facing us in the realm of international economic policy, and of the economic foreign policies we shall need to meet that challenge.

To this end, Mr. President, I submit today a Senate resolution to create a Select Committee on Foreign Economic Policy, for the relatively brief span until June 30, 1959, to undertake studies of American foreign economic policy as specified in more detail in the text of

the resolution. I am honored to have, as cosponsors of this resolution, a group of our distinguished colleagues that include the chairman of the Committee on Foreign Relations, the senior Senator from Rhode Island [Mr. GREEN], the Senators from Alabama [Mr. HILL and Mr. SPARKMAN], the junior Senator from Massachusetts [Mr. KENNEDY], the junior Senator from New York [Mr. JAVITS], the junior Senator from Louisiana [Mr. LONG], the junior Senator from Pennsylvania [Mr. CLARK], and the junior Senator from Minnesota [Mr. HUMPHREY].

I ask unanimous consent that the text of the proposed resolution be printed in the RECORD at this point, and I shall explain it further at a later stage in my remarks.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

The resolution (S. Res. 312) to establish a Select Committee on Foreign Economic Policy, submitted by Mr. NEUBERGER (for himself and other Senators), was referred to the Committee on Foreign Relations, as follows:

Whereas the foreign policy of the United States is necessarily affected, both in its ends and its means, by the economic position and policies of the United States and other nations;

Whereas the United States is being repeatedly and vigorously challenged by the U. S. S. R. to a worldwide competition in the field of international economic policy;

Whereas the degree and manner in which international economic policy should be integrated with the objectives and instruments of United States foreign policy has not been adequately examined and clarified;

Whereas important and radical changes have occurred in the world situation in recent decades, including historic developments concerning the independence of nations, their economic and political relationships to each other and to the United States, and their relative strength;

Whereas in the course of these historic developments of the past quarter century, economic policies have increasingly become integral elements of national foreign policies, and are now being actively and effectively so used by the U. S. S. R.;

Whereas trade among the western democracies of the Atlantic community, constituting in itself almost one-half of all world trade, represents a vital element of the economic and political interdependence of the free world that is a key premise of United States foreign policy;

Whereas six western European democracies have newly formed a European Economic Community to encompass 162 million people in the most highly developed region of that continent, and there are plans to develop a wider trade area with the collaboration of Great Britain, members of the Commonwealth, and other western democracies such as Scandinavia, which has recently formed its own trade area;

Whereas there has been no comprehensive, objective public examination of the foreseeable economic and political impact of these modern world developments, and their significance for the international position, objectives, and policies of the United States;

Whereas the Senate has special responsibilities for measures to foster commercial intercourse with foreign nations and for other measures to the end that the foreign policies of the nation may be promoted: Be it

Resolved, That there shall be established a Select Committee on Foreign Economic Policy, which shall undertake thorough and objective studies of the extent to which

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2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. SMATHERS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 64, at the end of the bill, insert the following new section:

1 SEC. 14. (a) The Congress hereby finds and declares
2 that—

3 (1) it is in the interest of the national welfare and
4 defense to promote more effective mutual understanding
5 between the people and Government of the United States
6 and the peoples and governments of the countries of
7 South and Central America;

8 (2) it is important that all misinformation and mis-
9 understanding about the United States and its policies

1 among the peoples of the countries of South and Central
2 America be corrected; and

3 (3) the free interchange of students and informa-
4 tion between the United States and the countries of
5 South and Central America will contribute immeasur-
6 ably to the further development of our good neighbor
7 policy with such countries and thereby promote world
8 peace.

9 It is therefore the purpose of the Congress to establish an
10 effective program of student exchange between the United
11 States and the countries of South and Central America in
12 order to achieve these purposes and objectives.

13 (b) (1) The Secretary of State (hereinafter referred
14 to as the "Secretary") is authorized to provide for inter-
15 changes, on a reciprocal basis or on such other basis as he
16 deems advisable, between the United States and the countries
17 of South and Central America of graduate students and
18 undergraduate students who have completed at least two
19 years of education above the secondary level. In connection
20 with such interchanges, the Secretary is authorized to pro-
21 vide orientation courses and other appropriate services for
22 students from South and Central American countries coming
23 to the United States and for United States students going to
24 such countries.

25 (2) When any country fails or refuses to cooperate in

1 the program of student exchange on a basis of reciprocity
2 or upon such basis as the Secretary deems advisable, he
3 may terminate or limit such program with respect to such
4 country to the extent he deems to be advisable in the in-
5 terests of the United States.

6 (c) (1) There is hereby established a Board of Latin
7 American Scholarships (hereinafter referred to as the
8 "Board") which shall consist of ten members to be appointed
9 by the President. Members of the Board shall be selected
10 so as to provide representation for cultural, educational, and
11 student and war veterans' groups. One member of the
12 Board shall be a representative of the United States Office
13 of Education, at least one member shall be a representative
14 of State and local educational institutions, and at least one
15 member shall be a representative of private educational
16 institutions.

17 (2) Each member of the Board shall serve for a term
18 of five years and until his successor is appointed and quali-
19 fied, except that of the members first appointed, two shall
20 serve for a term of one year, two for a term of two years,
21 two for a term of three years, two for a term of four years,
22 and two for a term of five years. Any member appointed
23 to fill a vacancy occurring prior to the expiration of the
24 term for which his predecessor was appointed shall be
25 appointed for the remainder of such term.

1 (3) The President shall, from time to time, designate
2 one of the members of the Board to serve as Chairman.

3 (4) Members of the Board shall serve without com-
4 pensation but shall be reimbursed for travel, subsistence,
5 and other necessary expenses incurred when attending meet-
6 ings of the Board or engaged in activities on behalf of the
7 Board.

8 (d) It shall be the duty of the Board to advise and
9 make recommendations to the Secretary with respect to the
10 operation and administration of the exchange programs estab-
11 lished pursuant to this section. In addition, the Board shall
12 recommend United States students and United States educa-
13 tional institutions for participation in the programs.

14 (e) (1) Any United States student who desires to
15 participate in an exchange program shall apply to the Board.
16 In the selection of United States students for study in South
17 and Central American countries under this section, the Board
18 shall give preference to applicants who have served honor-
19 ably in the Armed Forces of the United States during World
20 War I, World War II, or the hostilities in Korea. Due con-
21 sideration shall be given to applicants from all geographical
22 areas of the United States.

23 (2) Upon the basis of applications submitted under
24 paragraph (1), the Board shall make its recommendations

1 to the Secretary for United States students to participate
2 in the programs. The Secretary shall select students for
3 participation from among those applicants recommended by
4 the Board.

5 (f) Any South or Central American student selected by
6 his country for study in the United States under this sec-
7 tion shall be admitted to the United States, subject to all
8 provisions of the Immigration and Nationality Act, as a
9 nonimmigrant under section 101 (a) (15) (F) of that Act.

10 (g) The Secretary is authorized to provide for inter-
11 changes between the United States and the countries of
12 South and Central America of books and periodicals, in-
13 cluding Government publications, for translations of such
14 books, periodicals, and publications, and for the preparation,
15 distribution, and interchange of other educational materials.

16 (h) (1) In carrying out his duties under this section,
17 the Secretary is authorized to cooperate with heads of the
18 various departments and agencies of the Government and,
19 with the consent of such heads, to utilize the services and
20 facilities of such departments and agencies whenever prac-
21 ticable. The head of each department and agency is author-
22 ized to furnish to the Secretary such services and facilities
23 as the Secretary may request and as he deems proper to
24 assist in carrying out the purposes of this section. The Secre-

1 tary shall reimburse each department and agency for any
2 services rendered or facilities used out of appropriations
3 made pursuant to subsection (j).

4 (2) The Secretary shall consult with the Secretary of
5 Commerce and the Chairman of the Civil Aeronautics Board
6 with a view to effecting the use under this section of water
7 and air transportation facilities which are recipients of sub-
8 sidies or assistance under the laws of the United States.

9 (i) (1) The Secretary shall transmit to the Congress,
10 not later than March 1 of each year, a report of activities
11 carried on under authority of this section during the pre-
12 ceding calendar year. Such report shall include the text
13 of any agreements which have been entered into during such
14 year with any country of South or Central America to effec-
15 tuate the purposes of this section. Such report shall also
16 include the names and addresses of students and institutions,
17 both of the United States and of South and Central Ameri-
18 can countries, who are participating in the exchange pro-
19 grams authorized by this section.

20 (2) The Board shall, not later than February 1 of each
21 year, submit to the Secretary a report of its activities under
22 this section during the preceding calendar year, together with
23 its recommendations with respect to the administration of
24 this section and the operation of the exchange programs
25 authorized by this section. The report of the Board shall be

1 transmitted to the Congress by the Secretary as a part of his
2 report under paragraph (1).

3 (j) To carry out the purposes of this section, there are
4 hereby authorized to be appropriated—

5 (1) for the first fiscal year which begins after the
6 date of enactment of this section, the sum of \$5,000,000;
7 and

8 (2) for each fiscal year thereafter, such sums as
9 may be necessary.

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENT

Intended to be proposed by Mr. SMATHERS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 3, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORTON to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 49, line 6, strike out the word “thirty” and
- 2 insert the word “sixty”. On line 11 after the word, “com-
- 3 mittee”, insert the following: “and of each member or em-
- 4 ployee thereof”.

6-3-58—H

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENT

Intended to be proposed by Mr. Morton to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 3, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2^D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 63, after line 9, insert:

1 (d) Add the following new section to the Act:

2 “SEC. 550. It is the sense of the Congress that the
3 President should explore with other nations the establish-
4 ment of an International Food and Raw Materials Reserve
5 under the auspices of the United Nations and related inter-
6 national organizations for the purpose of acquiring and storing
7 in appropriate countries raw or processed farm products
8 and other raw materials, exclusive of minerals, with a view to
9 their use in—

10 “(1) preventing extreme price fluctuations in the
11 international market in these commodities;

1 “(2) preventing famine and starvation;

2 “(3) helping absorb temporary market surpluses
3 of farm products and other raw materials (exclusive
4 of minerals) ;

5 “(4) economic and social development programs
6 formulated in cooperation with other appropriate inter-
7 national agencies.

8 “Participation by the United States in such an Inter-
9 national Food and Raw Materials Reserve shall be contingent
10 upon statutory authorization or treaty approval, as may be
11 appropriate. The President shall include in each of the
12 semiannual reports required by section 534 an account of
13 action taken under this section.”

85TH CONGRESS
2d Session

H. R. 12181

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 3, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2^D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WATKINS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: At the end of the bill insert the following new section:

1 SEC. 14. (a) The President is authorized to utilize funds
2 authorized to be made available pursuant to the Mutual
3 Security Act of 1954, as amended (other than funds made
4 available pursuant to title II), in order to alleviate economic
5 hardship experienced by foreign workers (and their families)
6 in countries whose production is adversely affected by action
7 hereafter taken under section 7 of the Trade Agreements
8 Extension Act of 1951, as amended.

9 (b) The Commodity Credit Corporation shall make
10 available to the President out of its stocks which may be

1 utilized under the Agricultural Trade Development and
2 Assistance Act of 1954, as amended, such surplus agri-
3 cultural commodities as he may request, for transfer, in
4 accordance with the procedures set forth in title II of such
5 Act, in order to alleviate economic hardship experienced
6 by foreign workers (and their families) in countries whose
7 production is adversely affected by action hereafter taken
8 under section 7 of the Trade Agreements Extension Act of
9 1951, as amended.

10 (c) There is hereby authorized to be appropriated an
11 amount equal to the additional revenues from customs de-
12 rived by reason of action hereafter taken under section 7 of
13 the Trade Agreements Extension Act of 1951, as amended
14 (escape-clause provision), to be utilized by the President to
15 alleviate economic hardship experienced by foreign workers
16 (and their families) in countries whose production is ad-
17 versely affected by such action under section 7.

85TH CONGRESS
2d Session

H. R. 12181

AMENDMENT

Intended to be proposed by Mr. WATKINS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 3, 1958

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 5, 1958
For actions of June 4, 1958
85th-2d, No. 89

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HIGHLIGHTS: Senate concurred in House pay raise bill with amendment. Senate debated mutual security authorization bill. Sen. Humphrey said USDA recommendations on Public Law 480 were inadequate. Sen. Symington discussed farm-price situation. House committee ordered reported bills to provide for townsites on FS lands, provide reimbursement for appeal inspections under Grain Standards Act, and prohibit creation of farm history through planting peanuts without allotment.

SENATE

- PAY RAISE.** Concurred, with amendment, in the House version of S. 734, the pay raise bill. The amendment was offered by Sen. Johnston for himself and Sen. Carlson. It would permit recruitment of certain scientific and professional college graduates at GS-7 rather than GS-5; restore previously approved Senate language relating to additional supergrades and Public Law 313 positions, and restores previously approved Senate language prescribing a method for adjusting pay of employees upgraded under Sec. 803 of the Classification Act. pp. 9083-97
- FOREIGN AID.** Continued debate on H. R. 12181, the mutual security authorization bill. pp. 9039-40, 9061-83, 9098-123
Sen. Humphrey inserted and discussed an amendment which he intends to propose, to request a study of a possible International Food and Raw Material Reserve. pp. 9069-70
- FOREIGN TRADE; SURPLUS COMMODITIES.** Sen. Humphrey stated that the administration's recommendations for continuation of Public Law 480 have been inadequate, and expressed the hope that the House will soon act on this matter without waiting for an omnibus farm bill. pp. 9058-9
Both Houses received from this Department proposed additional amendments to Public Law 480, to provide for use of foreign currencies for Federal buildings,

trade fair participation, etc., and to permit Sec. 416 donations to summer camps without respect to the number of needy children therein; to Senate Agriculture and Forestry Committee and House Agriculture Committee. pp. 9033, 9172

Both Houses received from this Department a report on agreements in April 1958 under Public Law 480; to Senate Agriculture and Forestry Committee and House Agriculture Committee. pp. 9033, 9172

4. FARM PRICES. Sen. Symington discussed the farm-price situation, particularly the 1952 level as compared with the present. p. 9047
ordered
5. COMMERCE APPROPRIATION BILL. The subcommittee reported this bill, H. R. 12540, to the full Appropriations Committee. p. D497
6. FARM PROGRAM. Sen. Symington inserted a newspaper reader's letter on ways to benefit family farms. pp. 9047-8
RIVER DEVELOPMENT.
7. ELECTRIFICATION. Sen. Neuberger discussed the question as to whether the Republicans of Oregon favor S. 3114, the Columbia River Development Corporation bill. p. 9053
8. FOREST SERVICE. Received from the Comptroller General an audit report on certain activities in Regions 3 and 4. p. 9034
9. SMALL BUSINESS. The Banking and Currency Committee reported with amendment S. 3651, to make equity capital and long-term credit more readily available for small-business concerns (S. Rept. 1652). p. 9035
10. PROPERTY. The Government Operations Committee reported without amendment H. J. Res. 427, to convey the Federal reversionary right to a tract in Kerr County, Tex., which has been made available for 4-H club purposes (S. Rept. 1651). p. 9035
11. BUILDING. The Public Works Committee reported without amendment S. 3560, to authorize construction of a \$20,000,000 Federal building in Memphis, Tenn. (S. Rept. 1653). p. 9035
12. LEGISLATIVE PROGRAM. Sen. Johnson listed several bills which are to be considered following the mutual security bill, including S. 921, on withholding of information; H. R. 7953, to facilitate Forest Service work; and H. R. 5497, to amend the Watershed Act regarding fish and wildlife. He expressed the hope that Congress will adjourn "sometime during the month of August." p. 9033

HOUSE

13. AGRICULTURE Committee ordered reported the following bills:
 - H. R. 10321, to authorize exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the Forest;
 - H. R. 12161, to permit establishment of town sites of up to 640 acres on national forest or Bankhead-Jones lands;
 - H. R. 12224 (with amendment), to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment;
 - S. 2007, to amend the Grain Standards Act to permit the collection of charges to reimburse the Department for overtime, travel, and certain other costs in connection with handling appeal inspections. p. D498The Committee also approved two watershed projects: Cance Creek, Ky., and Wild Rice Creek, N. Dak. and S. Dak. p. D498

can be secured in case of public issue, if the underwriters can point to the 100 percent Government insurance of the mortgage security which is made immediately effective by having on hand or making available to the Maritime Administration the necessary funds to pay up accrued unpaid interest and unpaid principal of a defaulted insured mortgage. Thus implemented, the pledge above recited would serve its ultimate purpose—that of facilitating private investment under Government guaranty, so that interest rates should be very little above that carried by long-term Government bonds. Such a saving in interest cost would be beneficial both to the United States Government as well as the shipping companies. Reduction of costs of financing construction will be reflected in greater subsidy recapture. All operating-differential subsidy contracts contain recapture provisions, whereby the United States shares equally with the subsidized operator all profits arising from subsidized operations in excess of 10 percent of capital necessarily employed in the operations. The decrease in the rate of interest would also lessen the contingent liability of the Government for accrued unpaid interest in the case of a default.

It would be very difficult to establish the amount of the necessary reserve to meet possibilities of defaults. Moreover, to establish and maintain a cash reserve would mean that the reserve funds would lie idle for indefinite periods of time at Government expense. It is proposed, therefore, that authority be vested in the Secretary of Commerce to borrow from the Secretary of the Treasury sufficient moneys to make the required payments in the event of any default. Under this plan the Secretary of the Treasury would loan the Secretary of Commerce the needed funds as a public debt transaction. The loans would be subject to such terms and conditions as may be prescribed by the Secretary of Commerce with the approval of the Secretary of the Treasury. The notes or other obligations would bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations. Any such loan with interest thereon would be repaid from the Federal Ship Mortgage Insurance Fund, which is maintained with premiums paid for insurance, incidental fees, receipts from disposition of assets acquired under title XI, and any necessary additional appropriations.

There is submitted herewith a bill to accomplish this proposal.

The Department urges prompt consideration of this bill. Four large passenger vessels will be delivered in the next few months and the arrangements for the insurance of the mortgages on these vessels and the public issuance of securities based thereon must be promptly made in advance of the delivery of the vessels. Otherwise, the advantage of general public participation and the reduced interest costs will be lost to the disadvantage of the owners of the new vessels and the United States Government as insurer of the mortgages.

RELIEF OF CERTAIN ALIENS IN THE AZORES ISLANDS

Mr. PASTORE. Mr. President I introduce for appropriate reference, a bill for the relief of certain aliens distressed as the result of natural calamity in the Azores Islands. This is a story of terror and tragedy, of the destruction of homes by the hundred and of more than five thousand people who had to be evacu-

ated from the island of Fayal in the Azores. It is a story of people panicked by almost continuous earthquakes, as the volcano of Pico Gorda belches forth its fumes and smoke and lava, and the country folk flee their homes. Most of the island's 25,000 people have flocked to Horta, Fayal's main seaport, looking for means of escape to other islands. Units of the Portuguese Navy and hundreds of small fishing boats carry their precious cargoes of women and children to Pico Island, 4 miles away, and to other isles of the Azores.

Proud Portugal has not requested aid from any other government as yet, but in spontaneous humanity, CARE is flying food by the ton from this country and blankets by the thousand from Rome.

In this country the relatives of these desperate people in the Azores look to us for an expression of help and friendship which is the meaning of America as we like to portray it to the world.

This measure is such an act of friendship, offering to destitute families the shelter of this land if there is no likelihood of their lives being reestablished in their homeland.

It deprives no other nation of any part of its immigration quota. It requires strict conformance with all immigration laws and regulations. It is strictly for those whose families might be dispersed to unfamiliar surroundings unable to return to their homes and urgently in need of the essentials of life.

It is an expression of human charity yet surrounded with every safeguard and hinged with conditions that would exclude the unworthy. It extends a helping hand to those whose families must flee from the ruins of their beloved homes, but it requires them to meet the standards of eligibility which assure us they will be of the quality of the people of the Azores whom we have long welcomed and valued as loyal and important segments of the American community.

This measure is America speaking at its finest, its fairest to a people in need.

I ask unanimous consent that the bill may be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3942) for the relief of certain aliens distressed as the result of natural calamity in the Azores Islands, and for other purposes, introduced by Mr. PASTORE, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That, notwithstanding the provisions of any other law, there are hereby authorized to be issued 1,500 special nonquota immigrant visas to aliens, specified in section 2 of this act, seeking to enter the United States as immigrants, and to their spouses and their unmarried sons or daughters under 21 years of age, including stepsons or stepdaughters, and sons or daughters adopted prior to July 1, 1953, if accompanying them.

SEC. 2. Visas authorized to be issued under this act shall be issued only to nationals or citizens of Portugal who, because of natural calamity in the Azores Islands subsequent to January 1, 1958, are out of their usual

place of abode in such islands and unable to return thereto, and who are in urgent need of assistance for the essentials of life.

SEC. 3. Visas authorized by this act may be issued by consular officers as defined in the Immigration and Nationality Act in accordance with the provisions of section 221 of that act; *Provided*, That each such alien is found to be eligible to be issued an immigrant visa and to be admitted to the United States under the provisions of the Immigration and Nationality Act: *Provided further*, That a quota number is not available to such alien at the time of his application for a visa.

SEC. 4. Except as otherwise specifically provided in this act, the definitions contained in section 101 (a) and (b) of the Immigration and Nationality Act shall apply in the administration of this act.

RELIEF OF CERTAIN OFFICERS OF THE AIR FORCE—AMENDMENT

Mr. JENNER submitted an amendment, intended to be proposed by him to the bill (S. 3623) for the relief of certain officers of the United States Air Force who performed service with the United States during World War II as part of a Yugoslav detachment, which was referred to the Committee on Armed Services, and ordered to be printed.

MUTUAL SECURITY ACT OF 1958—AMENDMENTS

Mr. BRICKER submitted an amendment, intended to be proposed by him, to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. BRIDGES submitted amendments, intended to be proposed by him, to House bill 12181, supra, which were ordered to lie on the table and to be printed.

Mr. WILLIAMS submitted amendments, intended to be proposed by him, to House bill 12181, supra, which were ordered to lie on the table and to be printed.

Mr. THURMOND submitted an amendment, intended to be proposed by him, to House bill 12181, supra, which was ordered to lie on the table and to be printed.

Mr. ELLENDER. Mr. President, I submit some amendments to House bill 12181, the Mutual Security bill, to be printed and lie on the table. I have a total of seven amendments.

Amendment No. 1 is a language amendment which would require the Department of Defense to charge no more than an average price for the equipment sold by the Department of Defense or its agencies under the Mutual Security Program. The amendment is designed to correct a number of inequities which have arisen under both past and present Department of Defense policies, which permit the charging of "replacement" or otherwise unreasonable or unrealistic prices for used military-aid equipment not actually excess to domestic defense needs, purchased from the Department with ICA funds.

In 1956, Congress sought to bring the prices of such equipment more nearly into line with the value of the equipment, and language designed to do so was written into the Act at the time. However, under a Department of Defense directive, implementing the act's language, it still is possible to charge the replacement cost for such equipment.

Amendment No. 2 would reduce the amount of military aid by \$500 million, and would strike from the bill section 13, which permits the President to shift up to \$235 million from defense support to military aid, or vice versa, as he may desire.

My third amendment, Mr. President, would reduce the amount authorized for defense support by \$135 million, and would also delete section 13, to which I referred earlier.

My fourth amendment would eliminate authority for the contingency fund of \$200 million.

The fifth amendment would strike the proviso making \$4 million worth of Austrian counterpart funds available on a loan basis to an Austrian agency to pay Nazi war-crime reparations to Austrian citizens.

Amendment No. 6 would modify the so-called Korean housing authority contained in the bill. It will be recalled that in the past Congress provided that up to \$18 million could be transferred from Korean-aid funds to construct living quarters, office space, and supporting facilities for personnel assigned to Korea. I sought in the past to delete this authority entirely, but I failed.

The purpose of the amendment is to preserve the presently authorized amount of \$18 million to preclude the \$8 million increase that has been provided in the committee bill.

The amendment would also delete the authority to spend in other areas of the world up to \$2,750,000 to build similar quarters for personnel in the field.

My seventh, and last, amendment, Mr. President, simply provides that none of the contingency fund may be spent or given to countries of Western Europe.

The total effect, insofar as reducing the amounts provided in the bill are concerned, would be a gross reduction of \$845,750,000, less, of course, the \$235 million that the President is permitted to transfer between defense support and military aid. The total net cut would therefore be \$610,750,000.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table.

By Mr. DIRKSEN:

Address delivered by the Secretary of Agriculture before the United Republican Fund of Illinois, at Chicago, Ill., on June 2, 1958.

By Mr. KENNEDY:

Address delivered by Hon. Adlai E. Stevenson at the University of Louisville, Louisville, Ky., on May 21, 1958; also an editorial entitled "Free World To Work," published in the Washington Post of June 1, 1958, dealing with the economic crisis and suggestions by which the Western Alliance can be reinforced to meet the Soviet challenge; which will appear hereafter in the Appendix.

By Mr. JAVITS:

Address entitled "Call for White House Conference on Management and Labor," delivered by Lansing P. Shield, president of the Grand Union Co., before the grocery manufacturers' representatives, in New York City on May 19, 1958.

By Mr. JENNER:

Editorial entitled "The Object Is To Defend Congress, Not Destroy the Court," from the Saturday Evening Post of June 7, 1958.

By Mr. NEUBERGER:

Editorial entitled "Food Industry's No. 1 Problem—Chain Versus National Brand" published in Quick Frozen Foods of December 1957.

By Mr. PROXMIRE:

Editorial entitled "Eisenhower's Futile Efforts To Cure Recession With Oratory," published in a recent edition of the Capital Times, of Madison, Wis.

By Mr. WILEY:

Article entitled "Dry Weather Taking a Heavy Toll in State," written by Loren H. Osman, and published in the Milwaukee Journal of May 25, 1958; and article entitled "Wisconsin's Farming Frontier," written by Bernie Manuel, and published in the Wisconsin Agriculturist of May 17, 1958.

By Mr. TALMADGE:

Article entitled "Bill Estes: Farmer, Businessman," written by J. P. Carmichael, and published in the Progressive Farmer magazine of June 1958.

By Mr. HOBLITZELL:

Article entitled "Industrialized Ohio Valley Entering Age of Aluminum," published in the American Metal Market of May 29, 1958.

By Mr. FULBRIGHT:

Letter addressed to him by the Cultural Counselor of the Embassy of the Federal Republic of Germany, informing him of a gift of books to the Governors of the 48 States and the District of Columbia, and accompanying statement from the Committee for the German Exchangees, and list of books.

By Mr. BRIDGES:

Article by Francis H. Buffum, entitled "Lest We Forget," from the May 28, 1958, edition of the Manchester Union-Leader, Manchester, N. H.

By Mr. CASE of South Dakota:

Article entitled "Who Will Win the Weather War?" written by Capt. Howard T. Orville, United States Navy (retired), and published in the American Weekly of May 25, 1958.

By Mr. KEFAUVER:

Extracts from annual report of Charles H. Silver, president, board of education of the city of New York, May 1957 to May 1958.

Editorial entitled "It Could Happen Here," relating to French crisis, published in the Washington News of June 4, 1958.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 118) for the relief of the General Box Co., with-

an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 2647. An act for the relief of D. S. and Elizabeth Laney;

H. R. 2689. An act to provide for the conveyance of all right, title, and interest of the United States in and to certain real property to Stella Vusich;

H. R. 3452. An act for the relief of William S. Scott;

H. R. 3889. An act for the relief of Nissim S. Tawil, Esther Tawil (nee Goldman), Solomon Tawil, Isaac Tawil, Kathy Tawil, Jacqueline Tawil, and Sarina Goldman;

H. R. 4049. An act for the relief of Abraham Fye;

H. R. 4461. An act for the relief of Johnnie P. Saylor;

H. R. 5776. An act for the relief of Herbert Wolff;

H. R. 5904. An act for the relief of Thomson Contracting Co., Inc.;

H. R. 6357. An act for the relief of Albert Guido;

H. R. 6448. An act for the relief of Cathryn A. Glesener;

H. R. 6593. An act for the relief of Mrs. Juanita Burna;

H. R. 6595. An act for the relief of Markus H. Teitel;

H. R. 6622. An act for the relief of Charles W. Duncan;

H. R. 7375. An act for the relief of Edward J. Doyle and Mrs. Edward J. (Billie M.) Doyle;

H. R. 7499. An act for the relief of the Cooper Tire & Rubber Co.;

H. R. 7660. An act for the relief of Dan Hill;

H. R. 7790. An act to provide for the forfeiture of the right-of-way located within the State of California heretofore granted to the Atlantic & Pacific Railroad Co. by the United States;

H. R. 7945. An act for the relief of McRay Vestal;

H. R. 8088. An act for the relief of Miss Mame E. Howell;

H. R. 8211. An act to authorize and direct the Secretary of the Interior to quitclaim to Joseph G. Pettet all right, title, and interest of the United States in and to certain lands in the State of Montana;

H. R. 8497. An act for the relief of Robert J. Roncker;

H. R. 9222. An act for the relief of Dr. Edgar Scott;

H. R. 9258. An act for the relief of Mrs. Minnie Perreira;

H. R. 10094. An act for the relief of the Western Union Telegraph Co.;

H. R. 10142. An act for the relief of Hugh Lee Fant;

H. R. 10416. An act for the relief of J. Henry Ennen and others;

H. R. 10515. An act for the relief of Harley D. Rucker;

H. R. 11203. An act for the relief of the estate of Verentes Bent, deceased;

H. R. 12261. An act for the relief of Lucian Roach doing business as the Riverside Lumber Co.; and

H. J. Res. 589. Joint resolution for the relief of certain aliens.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker pro tempore had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. JOHNSON of Texas:

Resolution adopted by the Texas Federation of Women's Clubs, May 5-7, 1958, relating to national security.

Address by Cagle Kendrick, of Stratford, Tex., entitled "The Young Farmer in a Changing World."

where it was beginning to master the affairs of men.

The lust for power, the search for glory, the lure of material things, the ascendancy of greed, the flaunting of decency have admittedly marked the thinking and the activities of our time.

Samuel Cardinal Stritch knew that the real answer and the abiding remedy for this moral malady lay in reorienting individual thinking, reconstructing individual hearts, and restoring that ever-chastening attribute of individual piety. Long will he be remembered for this noble mission among his fellow men.

CAMPAIGN CONTRIBUTIONS AND EXPENDITURES

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I addressed to Mr. Otto A. Silha, vice president and business manager of the Minneapolis Star and Tribune under date of May 27, 1958.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 27, 1958.

Mr. OTTO A. SILHA,
Vice President and Business Manager,
The Minneapolis Star and Tribune,
Minneapolis, Minn.

DEAR MR. SILHA: On or about October 22, 1956, an advertisement of the Minneapolis Star and Tribune was published in a number of metropolitan newspapers, including the New York Times, the New York Herald Tribune, the Washington Post and Times Herald, the Chicago Daily News, the Detroit Free Press and the Philadelphia Bulletin. The test of this advertisement called for the reelection of President Eisenhower and Vice President Nixon. I am advised that the cost of publishing the advertisement in the newspapers above referred to was \$9,115.

During the time of the publication of the advertisement referred to above, the Subcommittee on Privileges and Elections of the United States Senate, of which I was then chairman, was conducting an inquiry relative to campaign contributions and expenditures in connection with the 1956 national election. As chairman of the subcommittee, I made inquiry as to the nature of this advertisement and received a reply from you concerning it under date of October 29, 1956.

I write now to request further information concerning the cost of the advertisement in question. Specifically, I should like to be advised as to whether the Minneapolis Star and Tribune Corp. received or claimed a deduction as a business expense for the cost of this advertisement on its Federal income tax return for the tax year in question.

I desire to make it clear that I am no longer chairman of the Subcommittee on Privileges and Elections, nor a member of that subcommittee. This letter is written and the information I seek is requested by me in my individual capacity as a United States Senator.

With appreciation for your cooperation in this matter, I am

Sincerely,

ALBERT GORE.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

MUTUAL SECURITY ACT OF 1958

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Chair

lay before the Senate the unfinished business.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business, which is H. R. 12181.

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, I rise to speak on the Mutual Security Act of 1958. A number of my colleagues have been exercising their privilege of discussion and debate in commenting on the provisions of the bill as reported by the Committee on Foreign Relations. The bill and the report are now before us, and the Senate will soon take action on the bill.

First of all I wish to commend the staff of the Committee on Foreign Relations for its preparation of an excellent report in support of the Mutual Security Act of 1958.

Any Member of Congress, in fact, any citizen, who seeks a compromise description and analysis of the provisions of the Mutual Security bill as suggested by the Committee on Foreign Relations, will find in the report most of the essential documentation and information. It seems to me that it would be well to place in the RECORD, in particular, the first 5 pages of the report, in which are stated:

First. The main purpose of the bill.

Second. What the bill does.

Third. Committee action.

Fourth. Mutual security and the national interest.

I ask unanimous consent to have printed at this point in my remarks the selected paragraphs of the report to which I have alluded.

There being no objection, the excerpts from the report (No. 1627) was ordered to be printed in the RECORD, as follows:

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to continue for another year the variety of programs which are carried on under the general heading of mutual security. For this purpose, the bill authorizes appropriations totaling \$3,068,900,000. This is \$229 million less than the administration requested, and \$110 million more than the House authorized. In addition, the bill incorporates the Development Loan Fund, for which no new funds are provided, and makes a number of other changes designed to improve the mutual security program and other overseas activities of the United States.

2. WHAT THE BILL DOES

The table below shows the authorizations requested by the administration, those approved by the House, and those recommended by the committee. Insofar as country programs are unclassified they are shown in the sections of the report dealing with the various types of assistance authorized.

The committee bill authorizes \$1.8 billion for military assistance (sec. 3) and \$835 million for defense support (sec. 4) as requested by the administration, but with a proviso (sec. 13) that the total of those two items may not in any event exceed \$2.4 billion. The bill also provides that the President can transfer funds in the amount of \$235 million between military assistance and defense support appropriations. The effect, therefore, is to reduce by \$235 million the amounts requested by the President for these two items but to give the President the authority

to decide how the cut shall be divided between the two.

In addition to the appropriations which are authorized, the bill makes the following principal changes in existing law:

1. The Development Loan Fund is incorporated under a Board of Directors consisting of the Under Secretary of State for Economic Affairs as Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development (sec. 6).

2. Authority is provided for contributions to the United Nations fund for special projects as well as to the United Nations technical-assistance program. Existing limitations on the percentage of the United States contribution will apply (sec. 7 (b)).

3. A prohibition is written into the law against the use of either dollars or counterpart funds for the retirement of the debts of foreign governments (sec. 9 (d)). This is identical to a provision which has been carried in the annual appropriation acts.

4. The provisions of the Defense Base Act and the War Hazards Compensation Act are extended to certain employees of the mutual-security program. The effect is to provide covered employees with disability and death benefits, compensation during internment by an enemy, and compensation for injury or death resulting from war-risk hazards (sec. 11 (b)).

5. New policy statements are added in regard to the Western Hemisphere and India. The importance of the economic development of India is recognized and the sense of Congress is expressed that it is in the interest of the United States to join with other nations in providing adequate assistance to India to complete successfully its economic-development program. With respect to Latin America the President is required to review annually Western Hemisphere defense plans to be sure that military assistance to Latin America is based on these plans. Internal security is ruled out as a normal basis for military assistance to Latin America. Finally, the President is requested to seek to strengthen cooperation in the Western Hemisphere by encouraging joint programs of technical and economic development.

6. The bill prohibits the return to the United States for commercial sale of American-made military firearms (sec. 8 (m)).

7. The World Health Organization is invited to initiate studies for the strengthening of medical research and related programs (sec. 11 (b)).

8. Authority is provided to use foreign currencies accruing under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) to collect, translate, and disseminate scientific and technical information and to support scientific activities overseas (sec. 11 (b)).

9. Tighter reporting requirements are provided in connection with congressional use of foreign currencies (sec. 9 (a)).

10. A limit of 50 percent is put on defense support, technical assistance, special assistance, and contingency funds which can be used for offshore procurement, and then only if the President makes specified determinations (sec. 9 (c)).

11. Officers and employees of the United States are prohibited from accepting compensation or other benefits from foreign governments (sec. 10 (a)).

12. The method of financing the informational mediums guaranty program is revised and put on a longer range basis (sec. 11 (b)).

13. There is created the post of Under Secretary of State for Economic Affairs, replacing the present position of Deputy Under Secretary for Economic Affairs (sec. 11 (b)).

14. The Mutual Defense Assistance Control Act of 1951 (Battle Act) is amended so as not to prohibit economic or financial assistance to any nation, except to the Soviet Union, Communist China, and North Korea, when the President makes certain findings (sec. 11 (b)).

15. Increases are authorized in United States contributions to the Interparliamentary

tary Union, the NATO Parliamentary Conference, and the International Labor Organization (sec. 11 (b)).

16. The National Commission for the United Nations Educational, Scientific, and Cultural Organization is authorized to accept gifts, and the gifts are made tax deductible (sec. 11 (b)).

Mutual-security authorization, fiscal year 1959

NOTE.—Section numbers refer to Mutual Security Act of 1954, as amended.	Administration authorization request	House bill	Senate committee bill
Sec. 103 (a). Military assistance.....	\$1,800,000,000	\$1,640,000,000	\$2,400,000,000
Sec. 131 (b). Defense support.....	835,000,000	775,000,000	
Sec. 304. Bilateral technical cooperation.....	142,000,000	150,000,000	150,000,000
Sec. 306 (a). U. N. technical cooperation.....	20,000,000	20,000,000	20,000,000
Sec. 306 (b). OAS technical cooperation.....	1,500,000	1,500,000	1,500,000
Sec. 400 (a). Special assistance.....	212,000,000	185,000,000	212,000,000
Sec. 401 (b). Contingency fund.....	200,000,000	100,000,000	200,000,000
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200,000	1,200,000	1,200,000
Sec. 405 (d). Escapees.....	8,600,000	8,600,000	8,600,000
Sec. 406. U. N. Children's Fund.....	11,000,000	11,000,000	11,000,000
Sec. 407. Palestine refugees.....	25,000,000	25,000,000	25,000,000
Sec. 409 (c). Ocean freight.....	2,100,000	2,100,000	2,100,000
Sec. 410. Control Act expenses.....	1,000,000	1,000,000	1,000,000
Sec. 411 (b). ICA administrative expenses.....	33,000,000	33,000,000	31,000,000
Sec. 419 (a). Atoms for Peace.....	5,500,000	5,500,000	5,500,000
Total.....	3,297,900,000	2,958,900,000	3,068,900,000

3. COMMITTEE ACTION

The President's message requesting this legislation (H. Doc. 338) was sent to Congress February 19, 1958. On the same day, Senators GREEN and WILEY introduced the administration's draft bill, by request, as S. 3318 so that the specific proposals would be before the Senate and the country in legislative form.

Between March 19 and April 2, the committee held 10 days of hearings in both public and executive session. These hearings have been published after deletion of classified material from the executive portions. From the administration, the committee heard, among others, Secretary of State John Foster Dulles; Secretary of Defense Neil McElroy; Gen. Nathan F. Twining, Chairman of the Joint Chiefs of Staff; Gen. Lauris Norstad, Supreme Allied Commander, Europe; Adm. Felix Stump, Commander in Chief, Pacific; C. Douglas Dillon, Deputy Under Secretary of State for Economic Affairs; and James H. Smith, Jr., Director of the International Cooperation Administration.

In addition, the committee heard 34 private citizens—all of those who had requested an opportunity to testify. These included representatives of such organizations as the AFL-CIO, the Chamber of Commerce of the United States, the American Farm Bureau Federation, the National Farmers Union, the League of Women Voters, the National Council of the Churches of Christ, the American Veterans Committee, and the General Federation of Women's Clubs.

The committee considered the bill in executive session May 21, 22, and 23, and on the last date voted, 14 to 1, to report H. R. 12181 with an amendment in the nature of a substitute.

4. MUTUAL SECURITY AND THE NATIONAL INTEREST

It is now 10 years since the Foreign Relations Committee reported, and the Senate approved, the bill which launched the Marshall plan. In the intervening decade, Congress has authorized \$54.5 billion and appropriated \$49.0 billion for the Marshall plan and successor programs. This is less than 2 percent of the total gross national product of the United States over the same period.

This means that, over the last decade, the American people have invested in these various programs something less than 2 cents

out of every dollar of goods and services they have produced.

The Foreign Relations Committee remains convinced today, as it was 10 years ago, that this investment is sound; that it is in the national interest, and that to abandon it would be "pennywise and pound foolish."

The committee desires to emphasize, however, that the activities authorized by H. R. 12181 bear little resemblance to those carried on under the Marshall plan. As the world has changed since 1948, so has the character of the mutual security program changed with it. The program has remained static only in the sense that today, as 10 years ago, it is based on the concept of collective security, the premise that the national interests of the United States are served by the creation and preservation of other free and independent nations in the world.

Nothing has happened in the last 10 years to impair the validity of this premise. What has changed is not the requirements of the national interest but the actions necessary to meet those requirements. These changes have been reflected in the annual mutual security acts passed by Congress.

The mutual security program is designed to achieve specific results in specific countries. In the European NATO countries, it is designed to augment, in a minor but critical way, local defense expenditures in order to supply advanced weapons and to provide other increments in military strength which would not otherwise be possible. The strategic force objectives toward which the program is working in NATO countries are those approved by NATO itself and by the United States Joint Chiefs of Staff.

In certain countries of Asia—principally Korea, Taiwan, Vietnam, Pakistan, and Iran—the object of the program is likewise to support military forces, but in these countries it is necessary not only to supply military equipment but also to provide economic assistance to make the support of military forces possible.

In most of the free countries of Asia, Africa, and Latin America, it is the object of the program to promote stability and to induce a self-sustaining rate of economic development. This is sought to be accomplished through technical cooperation, through special assistance, and through loans from the Development Loan Fund.

In a few countries, it is the object of the program to secure base rights for American

military forces, and this is another function of special assistance.

All of these objectives are clearly in our national interest. The military forces of NATO and of our allies in Asia provide the indispensable shield to discourage local aggression short of all-out war. The economic development of underdeveloped countries serves two purposes. It gives those countries the confidence they need in democratic, as opposed to totalitarian, processes, and it provides increased opportunities for private American trade and investment. The availability of foreign bases for American military forces increases the striking power of those forces and their ability to defend the United States.

The mutual security program is an indispensable tool for the accomplishment of all of these objectives. It has accomplished great things, a partial list of which would include the recovery of Europe, the strengthening of NATO, the sustenance of Korea, Taiwan, and Vietnam. It has also, on occasion, been used clumsily. But a carpenter does not throw away a hammer simply because he may from time to time miss the nail and hit his thumb. Neither does he trade it in for a smaller hammer. If he did so, his mistakes would hurt less, but it would also take longer to drive the nail—and it might not be possible to drive the nail at all.

If there were no mutual security program, there would obviously be no mistakes made in administering it. If there were a smaller program, the mistakes perhaps would not be so costly in monetary terms. But in either case, the results would likewise be correspondingly diminished, and the net long-term cost increased.

The committee is impressed by the lack of alternatives offered by opponents of the mutual security program. It is said that the American people cannot afford these expenditures abroad. But there is no measure of the ultimate cost of not making them—in terms of a higher defense budget at home, of increasing isolation in the world, and of loss of world leadership. This argument likewise overlooks the fact that 80 percent of the expenditures are not made abroad at all. They are made in the United States. And even the 20 percent which is spent abroad in the first instance returns to the United States in the form of foreign purchases of American goods and services.

It is said that our allies should carry a larger share of the load. But a good way to persuade them to carry even less is for the United States to shirk its responsibilities. And surely one cannot seriously expect a greater effort from the Koreans, who receive more mutual security aid than any other people, who have a gross national product of \$113 per capita, and whose exports pay for only 5 percent of their imports.

It is said that we could get more for less. But it is not said how.

It is said that aid should go only to allies, to nations who will stand up and be counted. This is an argument for all or nothing. People who insist on everything frequently wind up with nothing. A further defect in this argument is that genuine independence, even neutrality, in parts of Asia and Africa is quite enough to serve the interests of the United States.

Finally, the committee desires to call attention to the impressive evidence gathered in its hearings of public support for the mutual security program. One witness declared, probably without great exaggeration, that a majority of the taxpayers of the United States were represented through the organizations which testified in favor of the program. The statements of only two of these organizations need be quoted here.

The Chamber of Commerce of the United States said:

"Congress should support the mutual-security program as an instrument of United States foreign policy dedicated to the purposes of—

"(a) Security for the United States and the other nations of the free world.

"(b) The development of the economic resources and the living standards of the peoples of the free world through cooperation and self-help.

"(c) The encouragement of responsible political freedom and stability.

"(d) The fulfillment of the traditional humanitarian aspirations of our people."

And the American Federation of Labor and Congress of Industrial Organizations said:

"Every relevant consideration—our own domestic economic situation, the minimum requirements to assure economic growth in the underdeveloped countries, the urgent need to enhance the welfare and security of the free world against the economic and political encroachment of the Soviet bloc—all emphasize the necessity for an adequate foreign-aid program."

The Foreign Relations Committee endorses these statements and commends them to the Senate and to the country.

Mr. HUMPHREY. Mr. President, 2 years ago, in the debate on the Mutual Security Act of 1956, I proposed an amendment, which the Senate adopted as the concluding language of that year's authorization bill. We hoped it would bring new light and promise to our foreign-aid program. It amounted to an invitation to the administration to undertake a broad rethinking and rescaling of its foreign-aid program in preparing future requests. The amendment specifically said:

It is the sense of Congress that in the preparation of the mutual security program, the President should take fully into account the desirability of affirmatively promoting the economic development of underdeveloped countries, both as a means of effectively counteracting the increased political and economic emphasis of Soviet foreign policy and as a means of promoting fundamental American foreign policy objectives of political and economic self-determination and independence.

In adopting this amendment, the Congress clearly envisioned the possibility of a solemn summons to the people of this Nation to understand the magnitude of the economic challenge which the Soviet Union has thrown out to us. Some of us, at least, hoped for an effort on the part of the administration that would rouse the American people to support an ambitious, bold, imaginatively devised and soundly proportioned foreign-aid program that would measure up to the demands and opportunities of the times.

Unfortunately, Mr. President, the administration did not rise to this occasion. The basic rethinking and formulation of far-reaching proposals still need to be made. We are proceeding again with well-motivated but, I suggest, haphazard and inadequate measures in a world in which all life is constantly in danger, in which freedom everywhere is in danger of being lost, in which democratic ideals are being submerged, and in which the United States itself is facing severe competition for leadership.

The newspapers of the Nation are filled with stories and articles about the proportions of the Soviet economic offensive. In fact, in yesterday's newspapers I commented to the effect that

the Soviet Union has shifted its emphasis from a military to an economic offensive. I am convinced that the Soviet Union will entertain, and ultimately will agree to certain limited disarmament proposals—simply because the Soviet Union hopes to have the American people lower their guard. The Soviet Union feels that by reducing some of the military tension, the United States may very well reduce some of its economic activities.

Our basic error, it seems to me, has been our failure to consider foreign aid and mutual security in the broad context of overall foreign policy. A total challenge from a totalitarian society demands a broad response from, and total commitment by, our own free society.

Instead, world developments continue to unfold in an almost daily revelation of defeats for American influence and setbacks for our prestige abroad.

We find ourselves threatened by our arch rival at our own game—overseas investment, trade, economic and technical assistance. The Soviets apparently have correctly appraised the worldwide social, political, and economic revolution abroad, and have determined to capitalize on it.

In this overall contest with the Soviet Union, we are gradually becoming aware that we face several important handicaps. Without wishing to appear unduly pessimistic, I would like to list these handicaps as I see them.

First, militarily, as was pointed out this morning by the Senator from Pennsylvania [Mr. CLARK] and as was pointed out last Thursday in a splendid, well-documented address in the Senate by the Senator from Missouri [Mr. SYMINGTON], we have slipped behind the Soviets in concentrating on the most important new weapon, the ICBM, so that we can no longer negotiate on a basis of military balance.

Second. We are handicapped by a lack of success in our own racial adjustments in a world where the majority of the people are colored and are acutely sensitive to discrimination.

Third. We are handicapped by our apparent unwillingness or inability to make our economic system provide expanding opportunity for all of our people. The rate of growth of industrial production in the Soviet Union is now more than twice the best United States rate since 1920, and this differential has been frightfully magnified by our current decline.

I remind Senators that the cost of this economic recession has been a cost not only in terms of the economy, but also in terms of international prestige. The cost of our economic recession is felt in every market in the world, particularly in the raw materials markets.

It was not simply by accident that the Vice President of the United States was the recipient of abuse and insults on his trip to Latin America. It happened that his trip came at a time when the prices of raw materials purchased by the United States were at a very low point and the economies of some of our sister republics to the south were facing serious difficulty.

Fourth. We are handicapped by what Professor Galbraith calls our affluent, consumer-oriented production in competition with a centrally-directed economic system capable of ruthless allocation of any desired portion of resources to international aims.

Fifth. We are handicapped by a misplacement of affection which, on the one hand, in various parts of the world, clings so closely to a particular pro-Western leader as to make him suspect to his own people; and, on the other hand, as in Venezuela, assists, lauds, and succors a dictatorial leader until his deposes riot against the United States.

Sixth. Our reluctance to make a firm commitment to one-world economics has handicapped us in trade with producing nations. Anarchy in commodity prices, to which I have just referred, and growing nationalism in trade practices in this country are driving our friends to seek other ties.

Seventh. We are handicapped by allowing ourselves to become identified in many areas with the opponents of social and national revolution in the newly awakening countries of Africa, the Near East, and Asia. I believe that within the past 2 weeks, this handicap was properly and pointedly referred to and commented upon by none other than the Vice President of the United States.

Eighth. Our banker's approach to world competition has held us back in granting long-term credits to countries because we could not be assured of the safety and interest we expect from domestic loans. Meanwhile, the Soviets are charging 2 or 2½ percent on loans, compared to our 4½ or 5 percent.

As a matter of fact, Mr. President, we have yet really to get ourselves in the frame of mind of being the world's greatest creditor nation. We have yet really to understand fully the responsibilities of being an international leader in the field of economic development and financial assistance. That was pointed up not long ago by the fact that today our British friends actually do more world financing than does the United States, despite the condition of the British economy and the British Treasury.

Ninth. We are handicapped by our own complacency and smugness. Our official view often seems to be that everyone automatically wants liberty, and that time, therefore, is on our side, in that the backward nations will automatically reject communism and will adopt capitalistic democracy. However, we have seen that this does not always occur automatically.

Tenth. We are handicapped by an insistence on forcing a great deal of military aid on nations whose economies thereby are twisted and whose economic growth may be thwarted or delayed, thus making them even riper targets for Kremlin imperialism.

Mr. President, the difficulties that we face help to make Khrushchev confident of the disintegration of the free world. But I, for one, despite my listing of these difficulties, am not ready to concede defeat. I am not ready to concede that our economic system is so weak or our people so flabby that we cannot face up

to this new dimension of world problems.

America has a great sufficiency of resources of every kind—raw materials, productive capacity from farm and factory, ideas, organizing ability, courage, and self-sacrifice. If we really wanted to, we could overwhelm the Soviet Union in an effort to raise living standards without sacrificing the human dignity and freedom necessary to make the good life, once attained, worth living.

No, Mr. President; for us the question is not one of shortage of resources or shortage of money. Our Nation is still the richest nation on the face of the earth.

Instead, our problem is one of organizing and marshaling all our resources behind a sound program, with clearly defined objectives. This marshaling can be done if someone will provide the standard around which people can rally. This is the leadership the people have a right to expect. Indeed, they have a right to expect it from the President; it can come from no one else.

As was said earlier today in the Senate by the distinguished junior Senator from Pennsylvania [Mr. CLARK]—and I listened with great interest to his brief remarks, which were both moving and eloquent—today all that is lacking in this country is the will to get the job done.

The American people are no more indifferent than their leadership; they are no more unwilling to move than their leadership. They look to Washington—to Congress, but to the President in particular, for direction in the field of foreign affairs. What we need is, not more money, not more resources, but a program which is understandable, with clearly defined objectives, and someone to “call the signals” and get the job done.

In the field of foreign affairs, the Congress is at a disadvantage. By means of statements of legislative intent in committee reports and by indicating dissatisfaction through cutting the budget here and augmenting it there, Congress can prod and push. But the administration must provide the pull and the direction and do the steering from its position at the front, if we are to get our foreign affairs cart out of the mud and rolling along the highroad again.

II

In the area of mutual security, as in other areas of foreign policy, my attitude and approaches have been stated on many previous occasions. Let me review briefly my suggestions:

First, I believe there should be a substantial increase in both the quantity and the quality of foreign economic aid. Our effort must not be circumscribed by any standard of what we spent last year or the year before or by what the bookkeepers in the Bureau of the Budget independently consider permissible. Instead, our efforts must be based upon utility and need.

The authoritative Massachusetts Institute of Technology study project estimated that the maximum capital investment which could be effectively utilized in underdeveloped countries is approximately \$2,500 million a year. I

repeat those are the economic-aid funds which are needed and can be used. It is my conviction that, of this amount, the United States could well supply approximately \$1,500 million, in addition to exports of our agricultural commodity abundance. The balance should be provided by our allies and our friends in areas of the world where considerable economic growth and prosperity exist.

It is for this reason, Mr. President, that I have repeatedly recommended that our North Atlantic Treaty Alliance have a new sense of direction, and that its existence should not merely be predicated upon military defense. Our Government should give leadership, advice, and counsel to our friends in the Western Alliance, and should urge them to pool their capital resources for economic development and assistance.

Surely the great West German Republic, with a sound currency and with a phenomenal recovery since World War II, can make a substantial contribution in this area. Furthermore, Mr. President, other nations within the North Atlantic Treaty Alliance could, if called upon, bear their fair share of the responsibility of a broad free world economic program—a multilateral economic program.

One of the real problems we face, Mr. President, is a desire to go it alone—to do everything ourselves, to have the entire program designed, produced, and delivered “U. S. A.”

But I submit, Mr. President, that the time has come when the mutual security program needs to include within it specific authorization for the utilization of our economic assistance in multilateral international regional economic developments.

I tried to get such an amendment attached to the bill. It was, regrettably, rejected. I think that was a mistake. The rejection was on the ground that there was ample authority in existing law. If there is, then I ask that our Government exercise present authority by calling upon other nations to join with us in a broad, overall economic offensive and economic development program wherein others share in these privileges and responsibilities, and that we ourselves do not attempt to do it alone.

Second. We should greatly expand available loan funds. The Development Loan Fund is a promising development compared with what has gone before in financing overseas projects. Personally, I suspect that however much the Loan Fund is expanded, it will not be able to meet a still faster-expanding market for loans abroad. I think we must find a way to tap private and corporate sources for this purpose. Perhaps this could be done through various kinds of guaranties.

I remind my fellow Americans that private American capital is not really being put to work in the great struggle with communistic state capitalism. In the Soviet Union all the resources of the nation—in fact, all the resources of the Soviet empire and of her satellites—can be brought to bear on any one single objective. In the Soviet Union the government is everything. The government is

the state. The economy is in the hands of the government. The profits of industry are in the hands of the government. The ability of the government to raise money is limited only by the police authority, the power, and the force of the state.

In the United States of America the Government is but a part of the system, thank goodness. In America, the Government raises revenue by taxes. Some persons think present taxes are confiscatory. Others feel they are very high. But the truth is that the Government of the United States does not own or control the American economy. Nor should it.

Surely we should have the cooperation and the participation of private sectors of our economy. This means private investment, and the Government must unite in a clearly defined program for a free world economic effort. This we do not have today. The Congress of the United States spends its time and energies on Government projects. In the meantime the Government of the United States does not properly harness the great voluntary efforts, the great voluntary strength of the Nation, the great forces of freedom in the private economy, by having them contribute to our overall foreign policy.

I say again we must find a way to incorporate, to correlate, and to tap private and corporate sources for this broad program of economic development. I suggest that it might be done through various types of Government guaranties. But, more important, the Government must have a purpose, it must have an objective it seeks to fulfill, and leadership that can be used to attain the objective in a challenging manner.

Third. On the other hand, loans will never suffice by themselves, although I prefer them. A considerable grant program will continue to be necessary, especially for those underdeveloped countries where a scarcity of professional and technical skills makes it impossible to even plan development projects that are worthy of receiving credits.

Fourth. Many of our grants and loans of foreign aid should be through multilateral arrangements of international organizations. By operating in this way we could allay the suspicions of selfish aggrandizement and colonialism. We should expand present regional development agencies and foster new ones like the Middle East Development Agency, which I have repeatedly proposed, and which, by the way, receives considerable support from many governments. We should retreat from our opposition to a United Nations capital assistance fund—the SUNFED idea is not dead. What it lacks is the energizing hand and direction of the United States Government.

I repeat, as we continue to expend our resources in foreign aid, it is nothing short of mismanagement and poor judgment to fail to mobilize the assistance of other countries, through the United Nations or other international organizations, over and beyond the World Bank or the International Development Fund.

Fifth. We must ask no immediate political returns for our international as-

sistance. It is not wrong to expect that long-term results of international stability and increased trade opportunities will flow from building up the economies and social systems of now-backward nations. But expecting these proud new countries to assume the posture of political satellites, mimicking us in internal government, and parroting our foreign policy, is too much to expect. I trust we do not expect it.

The Soviets have bragged about aid without strings, and, as a matter of fact, have until just recently kept their aid remarkably free from visible conditions. Now their pique at Yugoslavia has exposed their impatient, grasping hands. We should exploit this grave tactical error by publicizing it, but not by imitating it.

I might add at this point, as we in the Senate consider economic aid, that with all our aid to Yugoslavia, with all the risks attached to it, and with all the doubts that have accompanied such aid, at this juncture of history Yugoslavia remains a major thorn in the side of the Soviet Union. American economic aid has been of considerable help to Yugoslavia. As a matter of fact, there is reason to believe that the effect and influence of the so-called revisionists of and deviationists from Communist ideology in Yugoslavia are causing grave concern to the leaders of communism as far away as China. There is good ground for believing that the reason for the utmost secrecy in the recent meeting of the Communist Party in China was that Yugoslav developments have caused great unrest in China.

Mr. President, I have supported aid to Yugoslavia, granted in the discretion of our President, simply because it was a risk worth taking. I would be the last one to say it will pay off eventually. I do not know. Many things in life do not work out the way we plan. But I submit we will make no progress by standing like an immovable object, by standing inflexible, and displaying flexibility only when we at times bury our heads in the sand.

Our responsibility today is to attempt to encourage not only the underdeveloped areas of the world and not only the new nations, but also the eastern countries of Europe, to maintain a kind of autonomy or national independence. To be sure, this necessarily will be socialistic and perhaps communistic. That, of course, I do not like, for it does not provide what I believe to be sound standards of government or economics. But I say that to have relatively autonomous, quasi-independent Communist states in Eastern Europe is a much more desirable situation than to have those countries under the complete domination of the Soviet Union. Anything we can do to encourage such a limited type of freedom and limited type of mobility and flexibility on the part of the eastern states in Europe is to the advantage of the people of the United States and to the cause of freedom and peace throughout the world.

Mr. President, this leads directly to my next point, which is:

Sixth. There should be, in my mind, a separation of military aid from economic aid. There should be a clear identification of what part of our tremendous overseas effort is an extension of our military activity and what part—and a much smaller part it is—is actually going to assist other nations to build up their economies and enable them to take a part in the modern technological world.

I really regret that the Senate Committee on Foreign Relations did not adopt the amendment offered by the distinguished junior Senator from Montana [Mr. MANSFIELD] and myself to separate the defense funds from the economic funds. I know the present Presiding Officer of the Senate, the junior Senator from Wisconsin [Mr. PROXMIRE], intends to offer an amendment to accomplish such an objective, namely, separating the military aid from the economic aid. That is, to me, an amendment worthy of support.

Mr. President, our greatest need, as I stated at the outset, is to treat foreign aid as one aspect of our total international effort. As a matter of fact, we would be better off if we stopped calling it foreign aid. What we are talking about is an international peace and development fund. We are not aiding foreigners. We are attempting to build a world in which our economy, our country, and our people can live in peace and security. The greatest misfortune in recent years, in terms of semantics or in terminology, has been the calling of the mutual-security program a foreign-aid program. It is not a foreign-aid program at all. The mutual-security program is exactly what its title indicates—a program for mutual security.

The United States has more to gain from the program than has any other nation. The American economy needs markets. We cannot sell American goods to people who are without any means to purchase the goods. We cannot sell American goods in a world which is barren of capital. The only way to obtain capital is to build it, to make it, or to earn it. That takes time. Therefore, Mr. President, I suggest we would be much better advised to look upon the particular program of mutual security as an international peace and development program of long duration.

Our real difficulty is that we have tried to fool ourselves. In fact, our own political leaders have tried to fool us by indicating that the program "might come to an end next year." I have heard that statement year after year.

I repeat, one of the mistakes of the present administration, made when it first came into office, was the assurance it kept giving the American people that the mutual-security program would taper off and that it might soon come to an end.

Mr. President, in the kind of world in which we live, if we draw some of these programs to an end, we shall lose to and be defeated by the Soviet Union in the development of national economies.

We need a world, as Woodrow Wilson once said, which is safe for democracy.

We have a democracy. It is a very delicate instrument of social order. This democracy of ours cannot live in a world of famine, of disease, of pestilence, of tension, of hatred, and of bitterness. This democracy of ours needs to have a political, social, and economic climate in which free men can live and act decently, honorably, and creatively.

What we are seeking through a program of mutual security is to lay the foundations for the creation and the building of such a political, social, and economic order. I submit, Mr. President, that, while the program may be costly, it would be much more costly not to pursue it. It is costly to take care of one's health, but it is more costly to suffer the ravages of disease.

What we are attempting to do through mutual security—and what I believe we have failed to do in adequate quantity or quality—is to lay a foundation for the kind of social, political, and economic structure in which free institutions can live and can, we trust, flourish.

Mr. President, it cannot be said too often that foreign policy must be pursued on many fronts. If we fail on one front our entire enterprise may fail. We must begin by enunciating a consistent policy which is truly realistic and based unashamedly on American ideals and American interest. Then we must pursue the policy with a flexibility of approach. We must undertake to provide adequate capital for development abroad and give the technical and professional personnel needed to make it effective.

We need long-term planning, Mr. President. Another weakness in the mutual security program of the years gone by is that we have planned these projects year by year. I charge on this floor that we have wasted millions of dollars because we have not had long-term planning and long-term authorizations for mutual security.

We must continue to expand and liberalize trade opportunities so that free nations can develop their most natural economies. One of the amendments which has been presented for our consideration provides that in case the United States should raise tariffs and the raising of such tariffs should cause some injury to other nations, we in turn would provide such other nations with free food. We would share with them our abundance of agriculture.

Mr. President, the amendment goes further. It provides for help to those countries economically.

My suggestion is, Mr. President, that we should try to have reciprocal trade, looking to the lowering of tariffs. Then if such a national policy and program should adversely affect any American industry, any American worker, or any American community, our Government should help the American worker, the American community, or the American industry by a kind of redevelopment program. This would provide for our own people on the one hand, while on the other hand, it would provide for markets and trade.

To raise tariffs is to invite retaliation. I say to this distinguished body that if the Government of the United States should, unfortunately, engage in a program of raising tariffs, we would give to the Soviet Union new allies. We might thereby very well give to the Soviet Union a weapon much more effective in the cold war than any kind of missile or rocket.

I serve notice upon my colleagues that there will be no wavering whatsoever on the part of this Senator when the Senate comes to consider the reciprocal trade bill. Surely, a foreign trade program has a cost, but the cost of an effective trade program is much less than the cost of returning to the old course of protectionism.

The 19th century is gone. We are more than halfway through the 20th century. I see no reason to go back and garb ourselves in the political and economic habiliments of the 19th century when we are now in the space and atomic age.

Mr. President, I repeat that we must continue to expand and liberalize trade opportunities, so that free nations may develop their natural economies. We need to accompany all of this with well supported and imaginative information, to insure that we are maximizing our gains. If we should be weak or fail entirely on any of these fronts, the others will be weak, and all our foreign policy objectives will be in jeopardy.

In line with these views, it is obvious that I would prefer a stronger and more far-reaching mutual security bill than the one before us. However, the bill has many virtues. I shall support it vigorously. I want the administration to support it, too. I do not want to see any wavering, such as I read about in the newspapers. On one day we are given to understand that the administration will support every part of the bill as reported by the Senate committee, including the amendment offered by the Senator from Massachusetts [Mr. KENNEDY]. Then newspaper stories, to which I shall refer further, begin to appear, indicating a modification of that attitude. This morning there was published in the Washington Post an article entitled "Red Bloc Aid Loses Support."

The administration yesterday let it be known on Capitol Hill that it will no longer support the Kennedy amendment to the foreign aid bill to permit economic aid to some Communist countries.

Also this morning, an editorial entitled "State Caves In," appeared in the Washington Post.

I say most respectfully, and in the spirit of cooperation, that I want to know just where the captain of the team is to be when the ball game starts. I want to know whether the members of the team are going to block and tackle, or whether someone is going to walk into the stands and watch the game, while the rest of us are being batted around.

If the administration wants a foreign-aid bill like the one which has been reported by the committee, there is one way to get it. The President of the United States, the Secretary of State, and the Director of the International

Cooperation Administration should say, in chorus and singly, that they stand behind the provisions of the bill, and that they want every supporter of mutual security to stand up and be counted for the bill as reported by the Foreign Relations Committee. I appeal to the President and his Secretary of State, first of all, to repudiate the stories which have appeared in the morning newspapers as to the wavering of the administration, and, secondly, to enunciate their active support. If the President will be half as firm in connection with this program as he has been in connection with Pentagon reorganization, there will be many more firm spines in Congress. There will be less weaving and bobbing around, and more straightforward marching up to the line to cast votes in support of the pending measure.

Let no one misunderstand me. The bill which we have before us is not what I would call a very progressive, aggressive, or comprehensive program. But efforts are being made to weaken it rather than to strengthen it. I repeat that I believe it represents progress in some areas toward a better approach to foreign aid. The bill has many virtues. I note the presence in the Chamber of the chairman of the committee and the Chief of Staff. I wish to compliment both of them upon a masterful handling of the bill, and for dedication beyond the call of duty. The Chief of Staff and his associates have done a magnificent job in the preparation of the report, which, to my way of thinking, is one of the best reports we have ever had in support of a bill of this kind.

I think the bill pending bill is the best single mutual-security bill we have had for years. It was given careful attention, after extensive hearings, and exhaustive and comprehensive study.

HEALTH AMENDMENTS

Mr. President, I should like to point out one particular aspect of the bill in which I have a particular interest. It is an aspect to which I have been privileged to contribute by virtue of two amendments which have been included in the bill at my initiative.

I refer to the amendments on international health which are found on pages 61, 62, and 63 of H. R. 12181, as revised.

One of these amendments adds a section to the World Health Organization membership act. In this new section, the Senate Foreign Relations Committee recommends that the Congress declare it to be the policy of the United States to "continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer." In furtherance of this policy, the World Health Organization is invited to "initiate studies looking toward the strengthening of research and related programs against heart disease, cancer, and other diseases common to mankind or unique to individual regions of the globe."

The purpose of a second amendment of mine, accepted by the committee, is to provide for the use of Public Law 480 funds for the collection, collating, abstracting, and translating of scientific information overseas.

Moreover, this amendment provides that such activities shall include "programs and projects of scientific cooperation between the United States and other countries, such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe."

Thus the effect of the two amendments will be to authorize increased international cooperation in medical research and to provide a source of funds to carry it out, as well as to make available other scientific information.

I was present at the World Health Organization's 10th commemorative session at Minneapolis when Dr. Milton Eisenhower, president of Johns Hopkins University, representing the President of the United States, delivered a fine address in which he outlined some of these same suggestions. I had the privilege of talking with Dr. Eisenhower and assuring him that in the Senate we were supporting the mutual security program which he laid before the World Health Organization as a policy commitment on the part of the executive branch of our Government.

Mr. President, you should have been there to see how the faces of the delegates lighted up when the Government of the United States, through the spokesman for our President, did not merely review the past, did not spend time admonishing Congress, but spent his limited time making a new proposal.

We have been strong on rebuttal, and short on the affirmative. I quickly walked up to Dr. Milton Eisenhower, after his speech before that assembly, and extended to him the warm hand of fellowship and commendation for speaking out affirmatively on behalf of the United States. That is what is required. There was a new spirit in the conference. Up to that point the Soviet delegates had been saying that they wanted to wage a worldwide war on smallpox. There had been discussion in the newspapers to the effect that the Soviet delegates intended to bring up the question of banning nuclear bombs, which is a political subject, not related to the purpose and functions of the World Health Organization.

The Soviets had the offensive. Then we came forth with a program and policy statement of affirmative purposes. From that day on the United States was in the lead. This may very well have contributed to the election of our Surgeon General, Dr. Burney, as the president of the Eleventh World Health Organization Assembly. This was the second time that an American Surgeon General was elected president, in the more than 10 years of existence of the World Health Organization.

When we have a positive proposal which we place before a group on a multi-lateral basis, asking others to join, we make headway.

Recently I outlined my suggestions for a more affirmative and constructive program in the field of international health. Surely here is an area where America should be out in front so far that no one can touch us. We have the greatest medical profession in the world, the

greatest research laboratories in the healing arts, the greatest pharmaceutical production firms in the world, the finest chemists and scientists in the field of medicine and pharmaceuticals, the greatest hospitals and laboratories in our National Institutes of Health. All of these characterize America as the unquestioned leader in the field of health. It is certainly important that we maximize and utilize to the fullest these great resources and the prestige which is ours for the benefit of humanity.

Many a person in the world who cannot name the president of his own country or the President of the United States, or identify the United Nations, if he has been healed from disease by an organization such as the World Health Organization, WHO, knows how it happened.

At the World Health Organization Conference in Minneapolis we heard some stories told about such situations. One concerned a native in Malaya, who, on being asked if he knew who President Eisenhower was said he did not know; if he knew who Prime Minister Nehru was, said he did not know; and if he knew what the United Nations was, said he did not know. He said he knew one man. He knew WHO, because it had cured him from his sickness.

I repeat, Mr. President, that we build our steps to peace not by military equipment alone, not by the works of the great masters of strategy and foreign policy, but by constructive works and good deeds.

ORIGIN OF THE AMENDMENTS

The real origin of these health amendments, I suppose, dates back to the unknown time in history when scientists of one nation first cooperated with scientists of other nations in the eradication of disease. But there are more modern origins of an attempt to further cooperative research efforts in medicine.

On the governmental level, they date to the founding of what is perhaps the greatest single collection of health research institutions anywhere in the world, namely, the National Institutes of Health, in Bethesda. Many illustrious names of Members of Congress are associated with the founding and expansion of those Institutes. From them have come some of the finest medical advances in the last 2 decades anywhere in the world. And to these Institutes has come the latest information from the four corners of the world on medical advances elsewhere.

If anyone needed proof of the results that can flow from an intensive cooperative attack on one of the Four Horsemen, Pestilence, the National Institutes of Health have provided it. Now we propose to multiply its effectiveness through bringing medical researchers in all countries into joint efforts to push the attack on disease.

FIVE SIGNIFICANT EVENTS OF 1958

This year, the pace of scientific cooperation and policy for such cooperation quickened.

First. On January 9, the President of the United States offered "to pool efforts" with the Soviet Union "against

the diseases that are the common enemy of all mortals—such as cancer and heart disease."

Second. On May 26, the Senate Committee on Foreign Relations reported the present revised version of H. R. 12181, emphasizing, as I have indicated, that it is the policy of the legislative branch that world research be accelerated.

I am glad to acknowledge at this point the very splendid contribution to the success of this amendment in committee made by my able associate, the senior Senator from Oregon [Mr. MORSE].

Third. On May 27, Secretary of Health, Education, and Welfare, Mr. Marion Folsom, speaking in Minneapolis at the 10th anniversary commemorative session of WHO, stated that his Department "is prepared to provide a grant on the order of \$300,000" to support a study "to search out new and more effective ways of fostering medical research on an international basis."

Fourth. On that very afternoon, as I have indicated, the president of Johns Hopkins University, Dr. Milton Eisenhower, speaking as a personal representative of the President of the United States, proposed that the WHO conduct a special study "to determine how it may most effectively perform its fullest role in research," and reiterating the proposed grant to WHO, as announced by Secretary Folsom. It was this study which the Committee on Foreign Relations endorsed and made a part of the bill.

This was the sequence of events up to last Thursday, May 29.

EXCHANGE OF NOTES WITH THE SOVIET UNION

Fifth. Last Thursday the State Department issued a release indicating that the United States and the Soviet Union have been engaged in constructive bilateral discussions on cooperation against heart disease and cancer.

The Department publicly commended a positive response from the Soviet Embassy, dated May 19. This message was in response to the President's invitation in January, and moved to carry out phases of the subsequent United States-Soviet cultural and educational exchange agreement of January 27.

United States-Soviet discussions are still continuing. The present meeting of the WHO General Assembly provides an ideal meeting ground in which these fruitful talks between the United States and Soviet delegations can proceed.

This bilateral discussion is, of course, an important phase of multilateral efforts. If the 2 largest powers in the world—2 of the strongest scientific powers—can agree on bilateral efforts, then the stage will have been set for multilateral action by WHO.

Obviously, this latest exchange of notes is by no means the final sequence. On the contrary, it represents still but the first chapter in what I sincerely hope will be an unfolding volume of world scientific cooperation.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at the close of my remarks several items to which I have just referred.

The first is the chronology of official policy statements on increased world scientific cooperation for health; the second is Department of State press release No. 297 regarding the exchange of notes with the Soviet Union; the third is an unofficial English translation of the May 19 Soviet Embassy note; the last is an article from the New York Times of Monday, June 2, discussing the challenge confronting us. It is headlined "Drive to Conquer Five Killers Asked."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, in the article, the distinguished chairman of the National Health Education Committee, Mrs. Albert D. Lasker, is quoted as urging a medical research program equal to the Manhattan project which gave the United States the first atom bomb.

Mrs. Lasker points out that the United States is now spending less than 1 percent on research against the killers within, as compared with expenditures on defense against attack from without.

Mr. President, there is one other related point in connection with health which I should like to mention. The Senate report on page 24 says:

To the extent that American made drugs are used in this and other health programs, it seems desirable that the administration explore the possibilities of arrangements under which these drugs would be clearly labeled as to origin.

This language hints at committee concern over a problem which I should like to mention explicitly.

In this interrelated economic world we have been well aware that the strength we build into the economy of our allies is a source of strength to ourselves. We have also been aware that with the demand for the capital goods of the United States what it is, every dollar accruing to the economy of our Allies for purchases which we make for foreign procurement will eventually return by some channel to the purchase of some kind of goods in the United States.

For this reason we have not forced into this foreign-aid program more buy-American philosophy than we have.

There are some fields, however, in which the anonymity of products purchased with dollars furnished out of the goodwill of the American people who would otherwise be devoting those dollars to development of their own country seems to me to be a disservice to the picture of American humanitarianism versus Communist inhumanitarianism which we justifiably feel we are trying to give to the world as the spirit of the entire foreign-aid program.

There is at least one field of science—characteristically a human field—in which we are still demonstrably ahead of our competitors in the race for the respect and the friendship of the underdeveloped masses of mankind. That field is the field of effective medicines. The incredible advances which our own pharmaceutical manufacturers have made in the last 20 years have put us well ahead of the rest of the world in

the agents of mercy and of hope that are represented by the magic drugs which permit the wiping out from whole communities of diseases like malaria, for instance, which have long been the scourge of mankind and one whose elimination has, in the truest sense, conserved and released and multiplied the human energies and the development potentialities of those areas.

There is no one to whom the individual is more grateful and respectful than the magician who restores him to health or saves him from death. It is no accident that, from the earliest records of mankind, the medicine man, the protector of life, the source of the magic of life, rather than the organizer of death, has been the leader whom mankind has been willing to follow.

At the present time, there is no systematic attempt in the administration of our health programs supported by American Government money to take advantage of this psychological truth by making sure that every recipient of the magic of American medicine paid for by American money unmistakably realizes that the magic came from American technical skill in the conservation of life through the generosity of Americans. This is not the only answer, but at least one kind of answer to sputniks and the Soviet threat to bring death through their technical skill in the destruction of life.

I am not suggesting that we should at this time write rigid and inflexible requirements into a statute. I am rather suggesting a directive for administration of the statute. I am suggesting that, as the bill passes, we should in the conference report or otherwise make sure that the Department of State understands a purpose of Congress. That purpose is that, in the expenditure of American funds for these vast health programs, in proportion to the amount of such funds, full psychological value should be squeezed out of the fact that it is American science and American technical supremacy in the field of humane purposes which is bringing the magic of effective medicines to the common people of the areas of Asia, Africa, and Latin America to which these health programs will be applied.

To my mind, being effective does not mean the making of press statements and speeches which do not reach the common man suffering from diseases; nor does it mean wrappers which can be removed or substituted. To me, effective psychological use of the situation means having stamped on the magic tablet itself the American flag and the legend "Made in America as America's gift to you." This field of mercy and the magic of life is a field of power and influence for good far outlasting in the traditions of generations to come the economics of the moment. In this field of psychological warfare against the enemies of mankind and the forces of darkness, America's gifts must not be anonymous.

Mr. President, I hope that in the conference report even stronger language can be reported to emphasize this point.

Let me now return to my discussion of

the mutual-security bill now before the Senate.

AID TO INDIA

There are certain other aspects of the bill about which I should like to make some specific comments.

My colleagues know of my interest in assistance to the Republic of India. There is no single area of the world where American foreign policy is being more closely watched nor more effectively tested than in the large, strategic, democratically oriented subcontinent of India.

Mr. President, it is discouraging, but not surprising, to hear remarks again this year castigating aid to the so-called neutral or uncommitted nations. I do not know why this broken record is such a pleasant one for some people to replay. But it is high time that the majority of the American people and the majority of their Representatives in Congress view the attitudes of some of the so-called uncommitted statesmen of the world with a little more charity and from a broader perspective. On issues of cold-war politics and geography there may be important reasons why certain governments and certain leaders disassociate themselves from American foreign policy. This is not necessarily to our disadvantage. On the contrary, it may be a positive asset, in terms of third-party assistance in negotiations with the Soviet Union and in other ways.

But when it comes to the central issue of our time, the choice between freedom and totalitarianism—not the choice between a particular Secretary of State or President and a particular country or the country of the individual—there is no doubt whatsoever where leading democratic statesman of South Asia stands. I refer to Prime Minister Nehru and his views on communism. Because a contrary impression is widely circulated in this country, I have had a selection of quotations from Prime Minister Nehru assembled for me, and I ask unanimous consent that they be printed in the RECORD at this point in my remarks.

There being no objection, the quotations were ordered to be printed in the RECORD, as follows:

Speaking recently to a group of American and other newsmen, Prime Minister Nehru observed:

"I am unconcerned with Communist economics. But politically I dislike it for two reasons. Firstly, it is too strongly linked with violence. Secondly, it has not shown that regard for standards I should like to see observed. Its philosophy is violent and I do not like that."

While welcoming this remark, a number of newspapers have commented that this is the first time that Mr. Nehru has publicly criticized communism.

This is far from truth. Mr. Nehru has for the last 20 or more years expressed his dislike of the violent and antiliberal aspects of communism.

To put the record straight, below are a few extracts from his writings and speeches.

"In Russia the dictatorship is exercised by the Soviets in which all the workers and peasants and other 'active' elements are represented. Thus it becomes a dictatorship of the 90 percent or even 95 percent over the remaining 10 percent or 5 percent. This is the theory. In practice the Communist Party controls the Soviets and the ruling

clique of Communists control the the party. And the dictatorship is as strict, so far as censorship and freedom of thought or action are concerned, as any other." (*Glimpses of World History*, 1934.)

"I dislike dogmatism, and the treatment of Karl Marx's writings or any other as revealed scripture which cannot be challenged and the regimentation and heresy hunts which seem to be a feature of modern communism. I dislike also much that has happened in Russia, and especially the excessive use of violence in normal times." (*Autobiography*, 1936.)

"Much in Soviet Russia I dislike—the ruthless suppression of all contrary opinion, the wholesale regimentation, the unnecessary violence in carrying out various policies." (*Ibid.*)

"We stand in this country for democracy, we stand for an independent sovereign India. How obviously, anything that is opposed to the democratic concept—the real, essentially democratic concept, which includes not only political but economic democracy—we ought to oppose. We will resist the imposition of any other concept here or any other practice." (*Independence and After—speeches of Jawaharlal Nehru*, 1946-49.)

"I have always refused to bow to the bigotry of any religion, and I likewise refuse to bow to the bigotry of this new religion (communism)." Jawaharlal Nehru's speeches, 1949-53, Delhi, Government of India Pub. Division, 1954.)

"With all respect to the leaders of the Russian people, I wonder whether they would not try other ways of achieving their ideals if they had another chance. I doubt that they would choose violence again. However, that is a matter of opinion." (*Ibid.*, p. 33.)

"I think also that there is always a close and intimate relationship between the end we aim at and the means adopted to attain it. Even if the end is right but the means are wrong, it will vitiate the end or divert us in the wrong direction. Means and ends are thus intimately and inextricably connected and cannot be separated." (*Ibid.*, p. 396.)

Mr. HUMPHREY. Mr. President, when one reads the statements made by the Prime Minister of India, he will see that Mr. Nehru is not neutral in the struggle between freedom and communism. He may very well chart a course of dissociation from some of the specifics of American foreign policy, but that does not by any means indicate that Mr. Nehru is neutral as between the forces of good and evil, as between the forces of freedom and totalitarianism.

Quotations like these, Mr. President, seem to me to be unnecessary, but I mention them because they help to redress the public relations balance in discussions of Indian foreign policy views here on the floor of the Senate.

Whatever we may think of the views of any particular statesman or of his temporary reaction to certain events, we must not lose sight of the central issue: democracy and freedom in Asia depend upon the success of India, and the United States has an enlightened interest in that success.

I wish it to be quite clear that India is not the only country in which we have concern and interest. We want to see all the free countries of Asia develop more and more in strength and stability and in terms of their ability to provide a higher standard of living for their people. I have mentioned India partly

because India has been the subject of what I consider to be a relentless attack by persons who do not tell all the facts, but rather utilize certain portions of statements in order to imply that India is anything but a friend of the United States.

My own views on what the situation in India requires from us in terms of economic and technical assistance have been a matter of public record for months. I ask unanimous consent that a statement which I released on March 10, 1958, concerning a new Marshall plan program for funds and food for India, be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**EXPANDED FUNDS AND FOOD FOR INDIA PROGRAM
PROPOSED BY HUMPHREY**

A dynamic new Marshall Plan program of funds and food for India was proposed today by Senator HUBERT H. HUMPHREY, Democrat, of Minnesota, in a statement prepared for Senate delivery arguing for a basic United States commitment to insure the success of India's second 5-year plan.

While welcoming the \$225 million loan to India announced by the State Department last week, Senator HUMPHREY declared that it "fell far short of the challenge and opportunity facing us; \$1.4 billion is the absolute minimum gap which must be filled from foreign sources if the second 5-year plan is to succeed by 1961. In view of the increasing difficulties in financing, probably \$2 billion comes closer to the actual need. Not all of this amount will have to come from American sources, but most of it will.

"The situation is emphatically a special and serious one. It needs special and serious attention. India's strategic situation, her democratic institutions, her economic absorptive capacity, and her size and prestige in Asia and in world affairs, all add up to a unique challenge. The issue at stake is so crucial, and the assistance needed so large, that a Marshall Plan effort for India is required, apart from the Mutual Security Program, the Development Loan Fund, and the Export-Import Bank assistance.

"Indeed these present instruments of assistance should not be distorted by exerting disproportionate pressure on them for the major Indian aid which they are unable to supply. I do not mean that these agencies should play a role in Indian assistance. But the task is beyond them, singly or together.

"It is not fully realized," the Minnesota Senator continued, "that there are two major challenges facing us in Indian economic assistance. The first is to provide the critical foreign exchange necessary for industrial progress until India can surmount her present balance of trade problem. The second, so far largely ignored, is to find a solution for the growing food crisis in India to make certain that economic development is not undermined by uncontrollable inflation. Fortunately the United States has the tools to help on both fronts, if we will only put them to use."

Using even the probably obsolescent estimate of \$1.4 billion gap in foreign credits over the next 3 years, and allowing for the \$225 million loan already committed for the possible conversion to rupees of the 1952 wheat loan, as well as for funds likely to be available from non-American sources, Senator HUMPHREY estimated that "\$900 million of American economic assistance is the minimum which this country must provide by 1961."

Since its usefulness is maximized by its early availability, this amount should be provided by two Congressional appropriations, Senator HUMPHREY suggested. The

first of \$600 million should be appropriated this year, and the second of \$300 million in 1959. The Senator called upon the State Department to "summon the courage to give us the facts and the leadership which the situation requires.

"The food crisis in India is not appreciated for what it really is—a key to this whole situation," Senator HUMPHREY declared. "The foreign exchange problem is immediate and must be dealt with on an emergency basis. But unless the inflationary situation in India is stabilized and rupee capital generated within the country for effective, economic development purposes, the foreign exchange assistance may prove of little avail. Insufficient food in India is producing inflation, and inflation can torpedo economic development. The United States, blessed with ample food and fiber, can use it to stabilize Indian economic development and the effectiveness of our own economic aid.

"This may mean a vastly increased food availability program for India, one which would perhaps quadruple the present \$125 million agreement under Public Law 480. Here, too, I would like to see imaginative, constructive proposals from the administration. Anticipating that these proposals will not be forthcoming, I am urging congressional initiative," Senator HUMPHREY concluded.

Mr. HUMPHREY. Mr. President, I have not changed my mind about the importance of this kind of large-scale, imaginative endeavor. I am under no illusions that the pending bill meets this challenge. Nevertheless, the bill now before the Senate does add a critically important new statement of national policy toward India, and I welcome that statement enthusiastically. The distinguished junior Senator from Massachusetts [Mr. KENNEDY] and the distinguished senior Senator from Kentucky [Mr. COOPER] deserve the heartfelt thanks of all of us for their initiative in obtaining the inclusion of this new policy statement. I was happy to support it. I earnestly hope that the statement will be included in the bill, and that the administration and Congress will thereafter turn their attention in a meaningful and deliberate way to the implementation of this major new commitment to help India succeed.

**INTERNATIONAL FOOD AND RAW MATERIAL
RESERVE**

Mr. President, 2 years ago in the Mutual Security Act of 1956, section 549 of the bill as amended by the Senate, expressed the sense of Congress that the President should explore with other nations the establishment of an international Food and Raw Materials Reserve under the auspices of the United Nations and related international organizations. This amendment was based upon S. Res. 86 of the 84th Congress, which I cosponsored on March 30, 1955, together with 22 other Senators. A subcommittee of the Committee on Foreign Relations held hearings on this resolution. The witnesses, except for the representatives of the executive branch, strongly favored the resolution.

Inasmuch as the Committee on Foreign Relations was simultaneously considering the problem of surplus agricultural commodities in connection with the Mutual Security Act of 1956, the committee voted to incorporate the substance of this resolution in the mutual-security bill of

that year. The amendment was not mandatory, and it excluded minerals. The reserve would be organized for the purpose of acquiring and storing in appropriate countries raw or processed farm products and other raw materials with a view to:

First. Preventing extreme price fluctuations in the international market in these commodities.

Second. Preventing famine and starvation.

Third. Helping absorb temporary market surpluses of farm products and other raw materials, exclusive of minerals.

Fourth. Economic- and social-development programs formulated in cooperation with other appropriate international agencies.

According to the report of the Foreign Relations Committee on the Mutual Security Act, the committee's action was based on a strong sentiment that more imaginative and vigorous action was necessary to find ways of using agricultural surpluses. It was not satisfied that the administration had done its utmost to explore every possible avenue of making effective use of these commodities. So while the language of the amendment does not make it mandatory for the President to explore the creation of a raw materials reserve, the committee hopes and expects that he will do so unless there are overriding reasons to the contrary. It should also be pointed out that the bill does not attempt to anticipate the results of the President's explorations and specifically reserves to Congress the right to reexamine any plan which may be presented.

Unfortunately, Mr. President, this proposed language lost out in the conference committee on the Mutual Security Act of 1956. The arguments in favor of this proposal are, if anything, more persuasive today than they were then. Consequently, yesterday I submitted an amendment, which I propose to call up at the appropriate time, to include that language of the 1956 act in the Mutual Security Act of 1958. The amendment is identical with the one which was included in the 1956 act. Mr. President, I ask unanimous consent that the text of the amendment be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the amendment intended to be proposed by Mr. HUMPHREY to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, was ordered to be printed in the RECORD, as follows:

On page 63, after line 9, insert:

"(d) Add the following new section to the act:

"SEC. 550. It is the sense of the Congress that the President should explore with other nations the establishment of an International Food and Raw Materials Reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in appropriate countries raw or processed farm products and other raw materials, exclusive of minerals, with a view to their use in—

"(1) preventing extreme price fluctuations in the international market in these commodities;

"(2) preventing famine and starvation;

"(3) helping absorb temporary market surpluses of farm products and other raw materials (exclusive of minerals);

"(4) economic and social development programs formulated in cooperation with other appropriate international agencies.

"Participation by the United States in such an International Food and Raw Materials Reserve shall be contingent upon statutory authorization or treaty approval, as may be appropriate. The President shall include in each of the semiannual reports required by section 534 an account of action taken under this section."

Mr. HUMPHREY. Mr. President, I shall return to this discussion when I call up my amendment at the time when amendments are being offered to the bill.

Let me add that since 1956, the new government of Canada has vigorously supported an international food and fiber reserve. I say most respectfully to my colleagues on the Foreign Relations Committee, where we are examining United States-Canadian relations, that it might not be a bad idea not only to examine them, but also to do something about them. One way to do something constructive about the agricultural commodity surpluses which exist in both the United States and Canada, and which result in problems which today concern us a great deal, is to permit the President at least to look into that situation and to discuss with the Prime Minister of Canada ways and means of developing, with the affirmative support of the Congress, a project for the development of a food and fiber reserve.

Furthermore, the government of Japan, the government of Italy, and the governments of other nations have taken action, through their respective parliaments and foreign ministers, to invite the establishment of an international food and fiber reserve.

Mr. President, the one country which has more to gain from such a reserve than any other country is the United States of America. However, for some reason or other, those who are responsible for the executive policies of the United States refuse to lend their efforts to this worthy endeavor. In fact, they even refuse to implement the resolution, which was adopted at the 11th General Assembly of the United Nations, for the establishment of national food and fiber reserves, which resolution I was privileged to handle there as a delegate, and which was adopted unanimously, and was applauded by every nation represented there. Yet, our government has not so much as even lifted a finger to implement it.

Even more important, Mr. President, from a national-security point of view, our Government has not implemented the provisions of the Mutual Security Act which require the United States to have adequate food reserves in the NATO countries as a part of the common defense. Such authority exists, but apparently our Government prefers to have the food in America so it can be the subject of political discussion and partisan debate.

I respectfully suggest that we consider the establishment of reserves of food and fiber by these countries as important as the transfer of rockets and missiles to European bases. We say we will not use the rockets and missiles unless we are attacked. Then what is wrong with

making some food available to our allies? It might be helpful to stabilize their markets, on the one hand, and also to assure them that it will be available to them in case of attack. Certainly, if war were to break out, the 500-plus Soviet submarines would not be used for fishing. Instead, they would be used to sink American ships and the ships of other nations in order to prevent the movement of food to the countries of Europe.

Mr. President, I have addressed myself to this subject again and again, but to little or no avail, I realize. Nevertheless, I say it is shortsighted and indefensible for a government which complains about the burdensome problems of agricultural commodity surpluses to be incapable of designing a program and plan to utilize them more constructively in the interest of national security and national defense, and the best way to use them to that end is by means of an international food and fiber reserve.

Again I respectfully suggest that when the Prime Minister of Canada visits with the President of the United States, one way to open the conference on a pleasant note would be to say that we salute the Canadian foresight and Canadian statesmanship in their appraisal of an international food and fiber reserve—that we are prepared to discuss it, and to try to work out its details, so that never again will Canadian wheatgrowers and American wheatgrowers have to be the subject of controversy and political tension between what should be the two most friendly nations on the face of the earth, namely, Canada and the United States.

Mr. NEUBERGER. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. JAVITS in the chair). Does the Senator from Minnesota yield to the Senator from Oregon?

Mr. HUMPHREY. I am happy to yield to my friend, the Senator from Oregon.

Mr. NEUBERGER. Mr. President, as usual, I am very much impressed by the speech which is being delivered by the able junior Senator from Minnesota.

I am not a member of the Foreign Relations Committee; therefore I rely very extensively on other Senators for the information and enlightenment I receive on questions of foreign policy.

Since I became a Member of the Senate, I have quite consistently—indeed, very consistently, I believe—supported programs such as those for mutual security, the NATO alliance, the reciprocal trade agreements, and similar programs which seek to strengthen the free world alliance.

One of the reasons why I have taken this position—and I may state that these programs are not always popular politically—is the fact that in this Chamber my seat is directly behind that of the junior Senator from Minnesota [Mr. HUMPHREY], I have had the opportunity of hearing many of his very wise and thorough statements on these subjects, and have been pleased to follow his leadership on foreign policy issues, because not only is he persuasive, but he is also, I believe, very sound.

I wish to ask several questions, if I may, regarding the general issue now

before the Senate; and then I should like to ask a question about one particular, more restricted, phase of the issue.

Is it not the opinion of the Senator from Minnesota that if the United States were to abandon the mutual-security program, in many parts of the world the Russians would gain the allegiance of peoples who today are uncommitted as between the Soviet world and the free world?

Mr. HUMPHREY. I think there is no doubt that if the United States were to abandon the mutual-security program, particularly in its economic aspects, the countries with which the United States presently is working, in terms of economic loans and some economic grants, would have to look elsewhere for capital, for technical assistance, and for professionally trained personnel. Today, there is one country that seems to be looking for customers; it is the Soviet Union. As a matter of fact, if the United States were to end its mutual-security efforts, or were to reduce them substantially, that would not mean that there would be less economic development in the world. It would simply mean that the Soviet Union would march in immediately, to take over and to offer its capital, its professional personnel, its talented technicians, and its means, to help other countries, and thereby to bring them within the orbit of the Soviet system.

Mr. President, what better way is there to have friends than to develop them through economic contacts? The leaders of the Soviet Union are shrewd. Khrushchev may drink vodka, but there is nothing wrong with his brain. He is a shrewd and able man; and so is the Soviet Ambassador to the United States, Mr. Menshikov. These men are fully aware that, in this day and age, one country does not simply force others to use its system, if it can get them to "come in through the back door" of economics, education, infiltration, cultural exchanges, and whatnot.

So the Soviet Union is working intensively to move into any areas where there seem to be a lack of leadership and a need for capital and for technically trained personnel.

Again, I remind my colleagues that the Soviet Union has capital for export, and has more gold than does any other nation on the face of the earth, save the United States; and the Soviet Union also has technicians and industrial goods for export. In other words, we have our work cut out for us. It is about time that we quit deluding ourselves into believing that, somehow or other, everyone will stand up and cheer for America merely because we happen to believe that we are the most prosperous nation and the greatest nation on the face of the earth. I remind my colleagues that the Soviets are tough competitors.

Mr. NEUBERGER. Mr. President, I am in complete agreement with the warning which has been voiced by the distinguished junior Senator from Minnesota.

In this connection, I should like to state that a few weeks ago, I had the pleasure of having breakfast in the Senate dining room with Sheldon Mills, a

distinguished American diplomat whom I know well personally, and whose wife Mrs. Neuberger and I knew when Mrs. Mills was a member of the staff of the Portland Oregonian. Today, Mr. Sheldon Mills is the Ambassador of our country to Afghanistan. Sheldon Mills is a career diplomat, who represents us in one of the outposts between the Soviet world and the free world. He represents us in Afghanistan. He told me that without the mutual-security program and the aid that the mutual-security program makes possible, American prestige and American influence would be absolutely at the vanishing point in Afghanistan. He told me, for example, the Soviets had paved the streets in the capital, the seat of government in Afghanistan, Kabul.

Through the influence of Ambassador Mills, I have received a most illuminating letter from the International Cooperation Administration, which details the rivalry and competition which are taking place today in Afghanistan between American aid and the Soviet bloc. I should like to read one short paragraph of the letter to the Senator from Minnesota to emphasize how correct he is in his general warning as it applies to a frontier like Afghanistan:

It has been estimated that in the last half of 1955 there were more than 450 bloc technicians in Afghanistan, most of whom were Russian, the remainder Czech. It is expected that the Afghan petroleum-development program will more than double the number of bloc technicians in Afghanistan over the next 4 years. In addition, a number of Russian military specialists were in the country engaged on a training program.

If the Senator from Minnesota has no objection, I should like to ask unanimous consent that the whole letter, detailing how Soviet penetration, economically and financially, is taking place in Afghanistan, be included in the RECORD.

Mr. HUMPHREY. I should like very much to have the letter placed in the RECORD. May I suggest that it be printed at the end of my remarks?

Mr. NEUBERGER. That is quite agreeable to me.

The PRESIDING OFFICER. Without objection, the letter will be printed as requested.

(See exhibit 2.)

Mr. HUMPHREY. In reference to the statement on Afghanistan, I may say that the records of the Foreign Relations Committee will confirm exactly what the Senator has just read to us. We had a visit with our Ambassador to Afghanistan, a very illuminating visit, a very informative one. I felt the Ambassador was extremely well informed about the problems of the area and what needed to be done. While I have not had an opportunity to read the letter which the Senator from Oregon received, the paragraph which he has just read was very much like what was indicated to me by our Ambassador.

Mr. NEUBERGER. I told Ambassador Mills, who is a resident of Oregon, as I am, if he could only tour all 36 counties in the State of Oregon and tell people the story that he told me at breakfast, my mail would not be against the for-

eign-aid program, as it unfortunately is today.

Mr. HUMPHREY. The mail I receive is against the foreign-aid program, but I am for it.

Mr. NEUBERGER. As I am.

Mr. HUMPHREY. I have studied foreign aid. I recognize mistakes have been made. The mistakes in the foreign-aid program are not mistakes in the sense of extravagance in amounts of money granted, but they are mistakes of bad planning, mistakes of dealing with unstable governments. They are mistakes of dealing with people who do not have the integrity needed for the good of the public. All people do not have the same standards as those which prevail in the United States. We have to deal with the world we now live in. Some people would like to deal with a world that does not exist; but in foreign policy we have to deal with the people who are here, not those who are dead or yet unborn.

The greatest mistake of the foreign aid program is that it has not been pursued aggressively enough; that it has not had long-range planning, and that we have not done enough in terms of economic lending and assistance. I repudiate any suggestion that the program is a giveaway. Those who say it is a giveaway are giving away their lack of understanding. They are exposing a kind of political illiteracy. The program is not a giveaway; it is a build-up program. It is building up other societies, thereby strengthening American society.

Mr. NEUBERGER. Is it not also true that there is a great deal of flyspecking about the foreign aid program? It is possible for a Senator to make a speech in the Senate or somewhere in the country, and show examples of misuse or waste of funds in foreign aid.

I think it was Napoleon Bonaparte, who was a master in the art of war, who said war is waste. The foreign aid program is the way America is waging the cold war. If we lose the cold war, then America may be in a shooting war, in which millions of our people, both in the battleline and in the country, itself, will die.

It seems to me it is totally unfair to pick out an isolated example, where there has been misuse or waste or bungling, and try to use that example to indict and repudiate the whole undertaking, through its whole scope. I do not think any program has been subject to that type of argument, as the foreign aid program has been. I am delighted when a speech is delivered such as is being delivered by the Senator from Minnesota, which defends the mutual security program.

I should like to ask the Senator about one other matter, and then I shall not interrupt him further. There has come to me a telegram signed by Robert R. Nathan, of the Americans for Democratic Action, and Rev. James L. Vizzard, of the National Catholic Rural Life Conference, and a good many other liberal groups in the country. This telegram expresses concern about the fact that the funds made available by the United States Government to United Nations technical as-

sistance are not pegged at 40 percent. They feel the House provisions in this respect should have been included in the Senate bill. Because the Senator from Minnesota is not only a member of the Foreign Relations Committee, but also is a former delegate from the United States to the United Nations, and one of the foremost spokesmen and defenders of the United Nations in our country, I wonder if he will explain that matter.

Mr. HUMPHREY. I desire to concur in the sentiments in the telegram. I shall address myself to that point shortly. The Senator from Wisconsin [Mr. PROXMIRE] has been waiting to participate in the discussion. The very next item in my speech is the multilateral programs of technical assistance. If the Senator will permit me, I shall proceed to that and get to the substance of the telegram.

Mr. NEUBERGER. I will not interrupt then, because I know the Senator's time on the floor is limited. I want to say I, too, am concerned about the situation, but I feel certain the welfare of the United Nations will be well championed by the Senator from Minnesota when he reaches that point.

Mr. HUMPHREY. I thank the Senator.

Mr. NEUBERGER. With the Senator's permission, I ask unanimous consent to have the telegram to which I referred printed at the conclusion of the Senator's remarks.

Mr. HUMPHREY. I should like to have the telegram in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. HUMPHREY. Whenever waste is demonstrated by the General Accounting Office, or by a Senator, or by any other official, we ought relentlessly to investigate and pursue the allegation and correct the condition, if we find the charge to be true. Sometimes in the past, in an effort to defend mutual security, persons have tried to brush aside some of the charges made about mismanagement or misuse of funds. There is no doubt that there have been such instances. My suggestion is that whenever there is any body of evidence as to waste or mismanagement, there be a special task force appointed at once to investigate the charge and to report back forthwith to the executive branch of the Government and to Congress.

For example, there have been charges of waste in Iran. There have been many charges made, from different sources. I wrote a letter to the staff director of the Senate Committee on Foreign Relations, Mr. Marcy, who in turn replied to me, in a very informative and very helpful way. We have evidence of a certain amount of waste in certain countries. My suggestion is that when the evidence comes in we should have an investigation. The State Department could appoint one representative. The Congress, both Houses or one House, could appoint a representative. There could be a public representative, who could well be appointed by the President. That would be a committee of three. We could have a committee of five, or whatever number might

be needed. The committee could proceed to investigate at once.

I am tired of hearing arguments about whether there is waste in this country or that country. I do not think it adds up to very good public policy to have such continuous arguments and such petty bickering going on. I feel we ought to have the sort of system wherein, whenever charges of substance are made, we can proceed forthwith to investigate with an impartial or at least an objective body, which will report at once to the Department of State, to the Congress of the United States, and to the press of America, which can inform the public, so that we shall all know what is going on. I do not know whether that procedure would be a cure-all, but I will state frankly a little public ventilation of these matters would result in some improvement in efficiency and also in better understanding.

Mr. President, I was very sorry that the Senate Committee on Foreign Relations found it impossible to accept what I consider to be the important and desirable provisions of the House bill in connection with the United Nations technical assistance program. It is with respect to this point the Senator from Oregon [Mr. NEUBERGER] made reference earlier.

The small, but critically useful, U. N. technical assistance program merits all the support which the United States can effectively give. The House of Representatives adopted two constructive proposals which the Senate Foreign Relations Committee has rejected.

The first of these was a provision in the House bill to level off the United States contribution to the U. N. technical assistance program at 40 percent for 1959 and succeeding years. For 1958, we are contributing 45 percent. Even the reduction to 40 percent, as proposed by the House bill, is a substantial drop in one year.

Moreover, as mentioned in the committee report on page 15, the present law adopted last year calls for a reduction to 38 percent in 1959 and 33½ percent in 1960. Mr. President, not only is the United States national ability to pay estimated at about 40 percent of the world's income, but there is a special reason why the 40-percent figure is extremely important this year.

This reason lies in the creation of the Special Projects Fund approved by the United Nations General Assembly last fall. The Special Projects Fund is designed to finance larger and more sustained projects than could be handled under the present program. A goal of \$100 million was proposed for the combined programs. This proposal was accepted unanimously by the General Assembly. By the way, that was an American proposal, and it was a constructive proposal.

It was a step forward—admittedly not as great a one as some of us who have supported SUNFED and related proposals would have liked, but nevertheless a step forward. Of course, I would be one of the first to say that other countries should bear their fair share of the

cost of this program. This is a principle on which we can all agree.

But others are bearing an increasing share of this and other international programs. Already the United States percentage has been reduced from 60 percent to 45 percent. Since the U. N. technical assistance program began in 1950, contributions from other governments have increased from \$8 million annually to \$16.7 million for 1958, or more than double. Our contribution has gone from \$12 million in 1950 to \$15.3 million in 1957 and will be reduced to about \$13.6 million for 1958 because of the 45-percent limitation which we have placed on our contribution. These figures do not take into account the local costs of projects which are borne by recipient countries, which are estimated at about \$65 million annually.

The United Nations technical-assistance program is a successful, going program. We get more per dollar from the United Nations technical-assistance program than from any other single program to which we contribute. The United Nations technical-assistance program, which is a multilateral technical-assistance program, produces more results per dollar, per nickel, and per penny than any other program to which we contribute. For us to be bickering about the percentage figure when we are getting the results we want from a great United Nations effort seems to me to be like punching ourselves in the nose to see how strong our right arm is.

I repeat, Mr. President, that the House figure makes much more sense. I shall do whatever I can to sustain that figure, despite the fact that the Senate Committee on Foreign Relations, in its majority judgment, felt some alterations should be made.

I know the reason for such position. There is a considerable feeling on the part of some Members of the Senate concerning percentages. If we had a little less argument about percentages and a little more concern about objectives, I believe we would be better off. What we need are people who understand objectives, who do not quibble about percentages. The United States of America is not going to go broke by furnishing a million dollars extra for the United Nations technical-assistance program. That amount of money is about what we spend when a Vanguard missile fizzles. I have not seen any Senator stand up screaming, stomping, jumping, and arguing about the fact that we are wasting money when a Vanguard missile simply fails to function.

I think, Mr. President, we have spent more money trying to launch rockets which do not work than we are spending on the United Nations technical-assistance program.

Mr. GREEN and Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and, if so, to whom?

Mr. HUMPHREY. I yield first to the distinguished chairman of the committee.

Mr. GREEN. Mr. President, I cannot resist inviting the attention of my colleagues to the fact that this subject

was dealt with specifically in the report of the Committee on Foreign Relations, which was ordered to be printed May 26, 1958.

Mr. HUMPHREY. Yes, indeed.

Mr. GREEN. I shall read the section in question:

The committee considered and rejected a provision in the House bill which would have repealed this scale of reductions and substituted a continuing limitation of 40 percent. The committee remains of the opinion that the percentage of the United States contribution should be brought down to 33½ percent in accordance with the schedule in existing law. Further, the percentage should continue to be calculated as at present—that is, on the basis of contributions to the central fund of the United Nations program. The committee rejects suggestions that local cost assessments against governments receiving United Nations technical assistance should be included in this base on which the United States contribution is calculated. These local cost assessments have been levied since 1954 and amount to 50 percent of the per diem subsistence allowances paid to United Nations experts. They are paid into the central fund, and in this respect differ from other local cost contributions by recipient governments, but they are not in precisely the same category as regular contributions to the central fund and should not be used as a device to increase the United States contribution.

I thank the Senator.

Mr. HUMPHREY. I thank the distinguished chairman. I respect the point of view of any who may support the committee's proposal. As I have said, from the overall standpoint I support the bill as reported from the committee. Undoubtedly the bill will go to conference. I am hopeful that in conference, with respect to this one feature, we may be defeated, and that the House may be victorious in connection with this item. With respect to other items, I hope it will not be so fortunate.

However, I know that the House will not be victorious if my friend, the able chairman, is as persuasive in conference as he is on the floor of the Senate. I shall try to induce him not to be quite so able and energetic at that particular moment.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. PROXMIRE. The Senator from Minnesota has made his characteristic stimulating, provocative, and brilliant kind of speech. It is a wonderful speech in support of a tremendously important bill. He has shown what a genuine humanitarian liberal he really is.

I should like to ask the Senator from Minnesota a question with respect to a specific point. I ask him to confirm or deny this statement. It seems to me that it supports his position very strongly. However, I do not wish to overstate the position.

Our original contribution to the United Nations Technical Assistance Fund was about 60 percent. That has been reduced to 45 percent, or a cut of one-fourth during the past 6 years. If we follow the provisions of the law we must make further reductions in the

next 2 years. If we make a further reduction of 26 percent more at this time, and an even larger percentage in the next 2 years, the result will not be to induce other countries to increase their share to a sufficient extent to make up the difference. The result will be to start the program downhill instead of uphill. The job will not be done, and we may be defeating our own objectives.

Furthermore, if we follow the objectives of existing legislation, we shall defeat the purposes of the program.

I ask the Senator from Minnesota if in his judgment this is a fair and accurate statement.

Mr. HUMPHREY. I am sure it is accurate in terms of statistical information. There is an honest disagreement among our colleagues as to whether the program would really be cut back. As the committee report states, there is no desire to cut back the total aggregate amount; but it is desired to reduce the percentage levels.

Mr. PROXMIRE. It is a matter of judgment.

Mr. HUMPHREY. It is a matter involving deep conviction on the part of certain of our colleagues that the percentage level of American contribution should be limited to 33 1/3 percent.

I well understand the desire to reduce the percentage contribution of the United States, but I say to my colleagues that we are not using that same percentage level when it comes to military aid. We are paying for all the H-bombs for our side. We do not even want some of the other countries to have them. We are paying for most of the airplanes. We pay the lion's share of many costs. But when it comes to a project in which we can teach other people how to live better, in which we can teach other people how to conserve their land, care for their resources, and protect their homes and communities, we say, "We must keep the percentage level down."

We are not talking about billions of dollars. We are talking about a few million dollars. A few million dollars is a great deal of money, but in the kind of world in which we live, it seems to fade into insignificant proportions, considering the tremendous costs of national defense and armament.

This program is one of the best working, most successful international programs in which we participate. It is a program which is heralded throughout the world. It is the strong right arm of the United Nations, which is the world's greatest instrument for peace and justice. I feel that we are making a mistake.

We were the instigators of this movement in the 12th General Assembly of the United Nations. Our Government, through Ambassador Lodge and one of the United States Delegates, Representative WALTER JUDD, of my home State, spoke in behalf of American participation in a specialized United Nations technical assistance program. We laid before the delegates a project involving a cost of \$100 million. We said, "This is in part our answer to the request for a special United Nations Fund for Economic Development." We said, "Let us

try this program. It will yield more long-term good, and more constructive and positive results."

Now we say, "It was a good idea last October, but we have thought it through, and while we would like to see it work, we do not want to spend so much."

If we were talking about \$1 billion, \$3 billion, or \$500 million, or even \$50 million, one might say, "Let us take another quick look at the program." I say that this reduction is the wrong kind, in connection with the wrong project. I fully recognize that we must limit these funds somewhat in terms of our ability to pay, but we can afford 40 percent.

Mr. PROXMIRE. Mr. President, will the Senator yield on that very point?

Mr. HUMPHREY. I yield.

Mr. PROXMIRE. I ask the Senator if it is not true that at the level of 40 percent, this program is an exceedingly good and wise investment. For every \$4 we put up, \$10 will be spent properly, as the distinguished Senator from Minnesota has so eloquently shown.

Mr. HUMPHREY. That is true.

Mr. PROXMIRE. Now it is proposed that for every \$4 we put up, \$12 should be spent. That is stretching things a little too far. It seems to me that when we invest \$4, and that investment brings about the expenditure of \$10, that is a pretty good return.

Mr. HUMPHREY. It is not bad in this day and age.

I thank the Senator from Wisconsin for his keen interest in this subject.

Some of the work in connection with this program is being carried on by county agents of our Agricultural Extension Service. Most of those who work in the United Nations technical assistance program are Americans. There are some from other countries, but the largest group is from our own country. Through that program we gain a wonderful reputation around the world. I hope we shall look kindly upon the recommendations of the other body.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. I wish to join my colleagues in expressing appreciation for the detailed and well-considered analysis of our foreign policy situation being made by a distinguished advocate of the bipartisan foreign policy, who is also a member of the Committee on Foreign Relations.

I should like to invite my colleague's attention to two points which I think bear upon this discussion. We all realize that this is an authorization bill, and we have yet to fight the battle to determine how much money will actually be appropriated. But this bill is very important, from the standpoint of establishing conditions upon which appropriations will be based.

I was a member of the Foreign Affairs Committee of the other body when we first decided upon this plan of yearly authorization as well as yearly appropriation. I think it has turned out to be a very good plan.

Is it not a fact that we face a rather historic decision upon two points in the bill, especially in view of the shock to

our national vanity which has come about lately by reason of some pretty hard and realistic blows to our foreign policy position? There are two questions which we must decide. I should like to have my colleague's views upon them. I know that he is very well informed upon the subject.

First, do we or do we not wish to draw a cordon sanitaire around the Communist bloc and say, "They are out. We will not do anything with them. They will have to paddle their own canoe. We will not try to win any of them away; and if any country behind the iron curtain wishes independence it will have to gain independence before we will do anything for it."

Obviously we are not going to drop guns, although some have suggested that we do so in Hungary. But we will not even drop dollars. That is fundamental question No. 1.

I agree entirely with the Senator from Minnesota. We talk about being smart in this game. We have been outsmarted from time to time because we did not take advantage of our opportunities. This program represents the kind of equipment we need for that purpose.

Mr. HUMPHREY. What some people are really saying is, "Poland, Hungary, Rumania, and other countries are in the hands of the Kremlin."

It is true that they are at present in the hands of the Kremlin, but the people are not. We had a witness to that fact last week by the kind of information which has come out of Rumania. American reporters and columnists and some travelers have come from Rumania with glowing reports of pro-American sentiment and pro-American attitude of the people there.

As a matter of fact, there is more pro-American attitude in some of the satellite countries than in some countries that are not satellites of the Kremlin, because the people in the satellite countries yearn for the chance of having contact with the United States.

What some people are saying is: "These countries are Communist, and we will have nothing to do with them," as the Senator from New York has so ably said. Does the Soviet Union act that way?

Let us take a look at Latin America. Latin American countries vote solidly with the United States in the United Nations. Latin American countries have been looked upon as our brothers and sisters, as one with us in the great organization of American states, and they are a part of the great Rio pact. Accordingly, most people in the world have traditionally looked upon Latin American countries and the United States as one family, happy and inseparable.

Do the leaders in the Kremlin say, "The Latin American countries like the United States; they are always with the United States; they always vote with the United States in the United Nations; therefore, we will have nothing to do with them?" Is that what Mr. Khrushchev said? Oh, no.

The Russian leaders looked at Latin America and said, "There may be just a few people who may not like the United States, and who may not be happy with

the United States. Let us go to work there." They are down there doing their best. They are down there offering economic assistance. They are sending their books to those countries. They are buying goods there. Their students are being exchanged. They have their political infiltrators going into those countries by the hundreds. The Soviets are working in every country down there. They do not go around giving blood tests and saying, "If you have so much as one little molecule of pro-United States sentiment, you will get nothing from us." As a matter of fact, when they do find a country in which there is pro-United States sentiment they work overtime in that country. They are smart. They are trying to win people over.

The trouble with us is that we have been such good friends with them for so many years that we hardly dare tell the truth about each other; and we say, "Let us continue to do business with them. We eat the same kind of soup they eat, and we dress the way they dress. We understand them, and they understand us. They have the same bad habits that we have, and probably some of the good ones, too."

No, that is not the way to conduct an aggressive and effective and dynamic foreign policy.

Still some people say that we will have nothing to do with countries that are socialistic and communistic. We will not give \$1 to such countries. Yet at the same time they talk about liberating them. All I can say is, "Baloney."

As I said earlier in the discussion, we might just as well face the fact that we are not ready to send American forces to liberate satellite states. At least I have heard no responsible official of Government say that. In fact, all statements by responsible Government officials have been to the contrary. We ought to offer to these people, we still want to worship their God and who still want to attend churches and synagogues and cathedrals, help that will let them hold up their heads, particularly when they manifest a desire to be more independent and gain a little more freedom.

I know it is a calculated risk to help them. I suppose one of these days something will go wrong, and someone will say, "I remember that man HUMPHREY, who was in favor of giving aid to Yugoslavia and Poland." I am in favor of giving aid to anyone who wants to stand up, and I want to help any country, within the limit of our means. I know we do not have an inexhaustible Treasury. However, I say at least let us do what we can to help men and women stand up in their desire to be free men and women. Many of these countries did not have much freedom even before the Communists took over. Many of them had dictator-type regimes. Now they have tyrants and commissars.

We do not order this aid to be given. We merely say to the chief spokesman of American foreign policy, our President, that if he in his wisdom—after he has had the advice and counsel of the best brains in this country, and also from our friends abroad—believes it is to our national interest and in the interest of our national security, and that

it will lend itself toward peace and justice, the President will have the approval of Congress to proceed and offer some help. That is all we are talking about.

I hope, as I said earlier, that there will be no weakening on this point, and that in a couple of days we will not fail in a test of courage on this issue. I hope the administration will be ready to stand up and be counted on this question. I call to the attention of the Senator that this point has disturbed me no end. I know that the Senator from New York feels the same way.

Mr. JAVITS. I do feel the same way. I feel very deeply that the administration will stand foursquare with what it has recommended to Congress. Let me point out that the administration has actually negotiated with both Yugoslavia and Poland on these aid deals. I see no indication whatsoever that the administration will recede from that position, which is in the national security interest of our country.

That leads me to the next point. Is it not a fact that when we say that the men in the Kremlin can press the button and, as our British friends say, send up the red balloon any time they wish to do so, that they want to stay in their jobs and probably save their skins? As they wonder about Poland and Rumania and Bulgaria and Czechoslovakia, and see what we are contributing, they will have some doubts placed in their minds.

Mr. HUMPHREY. The Senator is eminently right. That is one of the most persuasive arguments that can be made, and, as usual, the Senator from New York has made it eloquently. I wish to thank him.

Mr. JAVITS. I should like to ask the Senator one more question, because it involves a question of principle. I hope the Senator will forgive me for asking him these questions.

Mr. HUMPHREY. I am delighted to have the Senator from New York do so.

Mr. JAVITS. I know that there are not many Senators in the Chamber, and that this is almost in the nature of a dress rehearsal for the debate-and-vote day to follow. However, unless we say it now in this general debate, what we have to say just does not get said. In this way, in this debate, what we have to say does get out to the country and to the people of our States. When we vote, there is not much opportunity for interest to be manifested, especially by the people back home.

So I ask the Senator from Minnesota this question: Is this not one of the fundamental questions of principle at issue, namely, if the free world and parts of the Communist world which are wavering a little bit do have higher states of living, there is far less chance of an atomic holocaust being unleashed than if their states of living remain low? Therefore, when country A is aided—whether it be aided by us or by the U. N.—the fact is we must decide in this Chamber whether that when standards of living are improved, no matter by whom, it represents a benefit to us and we win in that exchange?

Mr. HUMPHREY. Of course we win. The Senator is absolutely correct. As I have said about other matters, when

some countries have been declared to be neutrals—if a country is simply for itself; if a particular country seeks to lift the standard of living of its own people, to improve its economic system, its productive apparatus, its means of distribution, that is a victory for what we want. Because what we want is not more territory; what we want is not somebody else's resources. What we want is not more control over somebody else's people.

What we want is a world in which nations can live under law and order. We want a world in which nations can live in peace; in which people will have the hope of a better life. What we want is peace with justice and peace with freedom, so that every time any country or any group lifts itself, or any time any group or country is helped, so that their own economy and political institutions are improved or strengthened, it will be a victory for freedom. This is a victory for, I will not say only our side, but for all decent people. There is no doubt about it.

Mr. JAVITS. I thank the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I was speaking earlier about the United Nations technical assistance program. I shall complete my observations on it. It is a successful, going program. Its success to date was one of the reasons other governments responded to the United States initiative when our delegation proposed the new special projects fund as an extension of the technical assistance program.

When a new international enterprise is launched, other governments need to know what our intentions are toward it. I believe for us to announce our intention to contribute no more than 33.33 percent by 1960 will get the new program off to an inauspicious start, and would be inconsistent with the role of leadership we should maintain at the United Nations.

There is no doubt in my mind that the depressive influence of the Senate committee action on percentage contributions will have a stifling effect on this whole United Nations project even before it gets underway. I hope that in conference it will be possible to accept what I think are the more enlightened views of the House of Representatives on this issue.

There is another important provision in the House bill which has been rejected by the Senate committee. The House of Representatives recommended that the base on which United States contributions are computed should be enlarged to include local cost assessments. These sums, which are estimated at \$3.1 million for 1958, are assessed against nations receiving U. N. technical experts, are paid to the U. N. technical assistance program and audited.

Mr. President, I ask unanimous consent that a brief description of local contributions to the United Nations expanded technical assistance program be printed at this point in the RECORD.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

SOME FACTS ON LOCAL CONTRIBUTIONS TO THE U. N. EXPANDED TECHNICAL ASSISTANCE PROGRAM

RAMSEYER RULE PRINT OF THE MUTUAL SECURITY ACT OF 1958

Title III, technical cooperation, section 306: " * * * There is hereby authorized to be appropriated to carry out the purpose of this section * * * (a) [\$15,500,000] \$20,000,000 for the fiscal year [1958] 1959 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided*, That, notwithstanding the limitation of 33.33 percent contained in the Mutual Security Appropriation Act, 1957, the United States contribution [to this program] for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 percent of the total amount contributed [to the program] for such purpose for that period, for the calendar year 1959 as much as but not to exceed 38 percent of the total amount contributed [to the program] for such purpose for that period, and for the calendar year 1960 as much as but not to exceed 33.33 percent of the total amount contributed [to the program] for such purpose for that period."

CONTRIBUTIONS PLEDGED BY GOVERNMENTS TO THE EXPANDED PROGRAM

These are the contributions on which the United States percentage contribution is computed:

1952-----	\$18,797,200
1953-----	22,320,700
1954-----	25,020,600
1955-----	27,666,200
1956-----	28,833,700
1957-----	30,794,200
1958 (authorized)-----	31,890,422

LOCAL CONTRIBUTIONS OF A GENERAL NATURE—NOT ASSESSED OR AUDITED

In 1949 the U. N. Economic and Social Council approved a resolution (222 (IX) Annex I) that: "the requesting government should be expected to agree * * * normally to assume responsibility for a substantial part of the costs of technical services with which they are provided, at least that part which can be met in their own currencies."

Under this arrangement, recipient governments have provided funds to pay for personnel assisting the experts, office and other physical facilities, transportation within the country, project supplies and material available in the country, and certain services such as postal and telecommunicative facilities.

The State Department has estimated the cost of all local contributions at \$67.5 million for 1958. (Francis O. Wilcox before Senate Foreign Relations Committee, April 1, 1958; John W. Hanes, Jr., before House Foreign Affairs Committee March 26, 1958.)

LOCAL CONTRIBUTIONS FOR LIVING COSTS OF EXPERTS—ASSESSED AND AUDITED

In 1953 the Economic and Social Council in resolution 470 (XV) approved arrangements under which recipient governments are required to pay toward the local living allowances of experts a flat sum calculated on the basis of 50 percent of the daily subsistence allowance rate established by the Technical Assistance Board multiplied by the number of man-days served by experts in the country.

This procedure went into effect in 1954. The local costs assessments are as follows:

<i>Paid</i>	
1954-----	\$913,267
1955-----	1,379,589
1956-----	1,494,529
<i>Estimated assessments</i>	
1957-----	\$2,570,420
1958-----	3,100,000

These payments are listed along with voluntary contributions as payments to the

special account in the U. N. records. But they are not included when computing the amount of the United States percentage contribution.

PRIMARY SOURCES

Status of Local Costs Arrangement, Report of the Technical Assistance Board (U. N. Doc. E/TAC/60, 8 May 1957).

Annual Report of the Technical Assistance Board for 1956 (E/TAC/REP/97).

Mr. HUMPHREY. Mr. President, the present statutory language is rather vague in connection with the computation of the United States contribution to the technical assistance program. The position has been taken that only the voluntary payments to the central account should be considered. This has meant that the very considerable contributions made by the recipient nations in the form of local costs to support the projects have not been recognized.

About \$3.1 million of the estimated \$67.5 million in local contributions consists of definitely audited local costs assessments from the various countries. This sum, which is assessed against recipient governments in accordance with a 1953 ECOSOC Resolution, goes for the living costs of UNETAP experts in the recipient country and is included by the U. N. along with the voluntary payments in computing the total payments to the central account.

Mr. President, I think it is highly unfortunate that the Foreign Relations Committee rejected the House conclusion that these local cost assessments ought to be included in computing the United States proportionate share. Here, too, I am hopeful that corrective action will be possible in the conference.

Mr. President, as I said earlier, really our mutual security program is a program for international peace and security. I have approached mutual security in the context of a broad, across-the-board foreign policy. I have expressed my sense of urgency that our foreign aid program should become a far better instrument to achieve our national aims as a responsible member of the world community. I have approached mutual security in the context of a broad, across-the-board foreign policy.

I have discussed some of the provisions of the present mutual security bill which I think move in the right direction. I have mentioned others which I think are deficient, which I hope may yet be rectified. Obviously, I have not taken the time to go into every aspect of the mutual security program in which I am interested.

Perhaps the administration feels that it has complied with the provisions of the Mutual Security Act of 1956 that the President should take more affirmative action effectively to counteract Soviet economic policy and to promote political and economic self-determination of the underdeveloped nations of the world.

Personally, I am not yet satisfied that this has been done. Indeed, the Soviet's peaceful offensive in foreign economic operations has increased with such magnitude in just the last year that the implied warning in our 1956 legislation has merely become a faint prophecy of great challenges to come.

Only continued rethinking of our whole mutual security effort, with an outpouring of new ideas and an increased devotion by administrators and legislators can keep our country in the position all Americans wish it to maintain.

Occupied as we are with grave domestic problems, and weary as we may be with the seemingly endless perplexities posed for us by unfolding world developments, we must keep in mind the stupendous stakes involved.

Our whole life is involved. The security and safety of our Nation are involved. So I plead with my fellow Americans not to weary under the burdensome load of these responsibilities. We need to have the kind of faith and dedication which will convince the world that we will stick to the job. Let us never leave a moment's doubt in the minds of the people of the world that we are capable of giving leadership and that we will pay the price for leadership. This is what we need to have the people understand.

We must not by any inadequacy on our part leave to our children an inheritance of a world in which we are unable to establish enough military equality to get disarmament, and unable to establish enough liberty to prevent the expansion of an aggressive communism. We do not want to be responsible for the gradual loss of independent nations to the Communist bloc until our own Nation becomes a frightened armed camp, a lonely, out-balanced world power.

Mr. President, I hope that we yet may get the kind of leadership required for a full-fledged national effort in foreign affairs. I think that the Congress is ready to do the job. I know that the American people are ready to support it.

Mr. President, I ask unanimous consent to have printed at this point in my remarks an editorial entitled "Free World to Work," published in the Washington Post of June 1, 1958. This is a very moving editorial, one which demonstrates, again, the kind of imagination and creativeness which we as a Nation need to have if we are really to command respect and to be worthy of the awesome responsibilities of world leadership.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FREE WORLD TO WORK

In a time that cries for ideas. Adlai Stevenson has supplied one that deserves to be taken up, developed, and applied. Mr. Stevenson's concern is the growing free world economic crisis which he believes is far more serious in its implications than even the paralysis that beset Europe in 1947. Why not, he asked in an extremely thoughtful address at the University of Louisville a few days ago, establish "a committee of experts comparable to the group which laid the groundwork for the Marshall Plan in 1947"? Their function on an international basis should be "to prepare an agenda for the regeneration of the free world economy upon which the nations can agree and act within a year."

This crisis has its roots in the breakdown of the old trading system symbolized by Britain and grounded on low tariffs, high lending and reserves flexibly based upon gold. Despite substantial American aid and investment programs since the war, the gap between the American standard of living and

those elsewhere in the free world is steadily widening. Last year, for example, the United States had a favorable balance of trade of some \$7 billion—which meant that we sold that much more than we bought. In that same year falling raw material prices reduced the income of producer countries by some \$750 million.

If the United States were now investing in development abroad at the same rate as Britain in her heyday as a creditor nation, the total of public and private lending would have to be at least tripled—and some authorities say it would have to be increased by as much as 30 times. That is a measure of the imbalance. Although there has been much praiseworthy internationalism in our outlook since the war, the practical effect of our policies still has much isolationism to it; we are enriching ourselves while the remainder of the world falls behind. And while the free world is thus economically disunited, the Communists broaden and intensify their economic offensive, commiserating with nations that rely upon the West's failing capitalism. One thing you don't find, Mr. Stevenson notes pointedly, "is a really isolationist Communist."

Today the capital hunger in some areas of the world is so great that it can be heard gnawing. Indeed, there will have to be primary infusions before there can be even the rudimentary expansion to foster private growth; there can be no doctrinaire blinders about socialism respecting countries which grasp at almost any slogan for improvement. Different manifestations of the same crisis of imbalance of course affect some developed nations as well. The World Bank, the International Monetary Fund, American reciprocal trade and assistance programs, the United Nations, Senator MONROE's soft loan bank plan—all these are part of the answer. But they need direction.

Unity of concept thus is a first requirement. Specifically, Mr. Stevenson would have the Committee of Experts seek means of regaining momentum in economic expansion—an overall growth of 5 percent annually that would minimize inflation; build new links with the European common market and free trade area so as to avoid new protectionist walls; expand investment in underdeveloped areas; and stimulate additional working capital for trade and convertibility.

It follows that the United States is by no means alone in having resources to contribute. Germany, Britain, France, Canada, Japan and other nations are now investing abroad, and they could help more in a distributed effort. Obviously such help should not be unrequited. A basic essential is self-help, which means the sort of stocktaking and housecleaning in prospective recipient nations that underlay the Marshall plan.

Americans distressed by the waves of anti-Americanism that have broken out in South America and the Near East could devote themselves to no more construction purpose than developing such a catalyst. There is no short-term answer to such outbreaks, which are more symptomatic than causative; and in any event the country should concern itself with more than short-term remedies in the situation that confronts it. The basic problem is economic, and the basic requirement is to marshal the resources of the free world—through investment, raw materials stabilization and the like—in such a way that they complement each other.

Some years ago Clare Boothe Luce referred derisively to such globalism as "globaloney." The plain truth is that the subject of yesterday's scoffing has become today's realism. We are finding more and more that we are literally our brothers' keepers, and that their health intimately affects our own. Mr. Stevenson appeals for the foresight, energy and patience of Marshall, Acheson, Truman, Vandenberg, Bevin and Monnet in organiz-

ing a new American initiative; "I believe," he says, "that my fellow Democrats will follow an administration lead today as faithfully and eagerly as many Republicans followed the Democratic initiative 10 years ago." Ideas can move men and nations. This one should.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Foreign Policy; Something Needs To Be Added," written by Roscoe Drummond, and published in the Washington Post of June 2, 1958. Mr. Drummond is one of the foremost political commentators. He is an able columnist and a great citizen. He has contributed much to the understanding of world affairs and American politics, not only to the American people, but to people elsewhere. I shall read these lines from Mr. Drummond's article:

I venture to urge that it would be useful and timely for President Eisenhower to appoint a peoples peace commission of respected and qualified citizens outside the Government to contribute a fresh impetus to United States foreign policy thinking.

Such a commission could, at the very least, serve three valuable purposes.

It could generate new ideas and supplement the thinking of Government officials.

It could examine the merit of proposing that similar peoples peace commissions be created in other countries to put the cause of peace and freedom on a people-to-people as well as on a government-to-government level.

It could generate a sense of public participation in foreign policy throughout the United States and, believe me, this is going to be indispensable if the American people are going to continue to have to spend so much for defense and aid with so few positive results and so many damaging setbacks.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 2, 1958]

SOMETHING NEEDS TO BE ADDED

(By Roscoe Drummond)

When you consider the massive, costly, continuous efforts which the United States has been making to improve the prospects of peace and better living standards in the world and compare these efforts with the miniscule results and the whole series of increasingly disheartening and perilous setbacks, there is one conclusion which seems almost beyond argument:

Something needs to be added to American foreign policy.

Of course, it isn't wholly accurate to put our gains and losses in a box score and compare them with Moscow's, but surely there is some lesson to be drawn from facts like these:

Since World War II we have, through UNRRA, the Marshall plan and the mutual security program, poured some \$60 billion into the free world while the Soviet Union has put about one-twentieth of that into its foreign aid. The results have been disproportionate, to say the least.

We used our influence to bring about the independence of Indonesia and the present government of Indonesia tends to look upon us as an enemy.

We shield the South American Republics from war and conquest, respect their independence, do much to help their economic progress—and the Vice President is stoned on a goodwill trip.

We seek to befriend the Algerians and the Lebanese, and mobs fire USIA libraries in Algeria and Lebanon.

The United States—as in the Philippines—stands for the liberation and defense of the newly independent nations; the Soviet Union suffocates the independence of nearly a dozen formerly free countries—and some prominent neutralist leaders say they can see little to choose between the Soviet and American leadership.

I'm not saying that we have done wrong or that we don't need to do more of the same. Without the Marshall plan, Europe would be Communist today. Without NATO and SEATO and other alliances and mutual-security aid, there might well have been more Communist military aggression than in Korea and Indochina.

But something more needs to be added to American foreign policy.

Admittedly, it is a lot easier to see this need than to define what should be done. But, if we can agree that something more needs to be added to American foreign policy, we had better begin to do something about it—and soon.

To recognize the need is the essential starting point. To do something about it is urgent.

I venture to urge that it would be useful and timely for President Eisenhower to appoint a people's peace commission of respected and qualified citizens outside the Government to contribute a fresh impetus to United States foreign-policy thinking.

Such a commission could, at the very least, serve three valuable purposes.

It could generate new ideas and supplement the thinking of Government officials.

It could examine the merit of proposing that similar people's peace commissions be created in other countries to put the cause of peace and freedom on a people-to-people as well as on a government-to-government level.

It could generate a sense of public participation in foreign policy throughout the United States; and, believe me, this is going to be indispensable if the American people are going to continue to have to spend so much for defense and aid with so few positive results and so many damaging setbacks.

In a continuing series of editorials the Deseret News of Salt Lake City, a newspaper of deep spiritual conviction, has been advocating this course of action; and it seems to me that it has been making a constructive case and that its voice should be heeded.

"The surest, most hopeful fact in the whole troubled international picture is that the peoples of the world want peace," it points out. "Let us have the best minds of America called to serve on a peace commission here in America, and invite other world powers to join us in a people's level, unremitting search for peace based on principles of understanding and brotherhood."

This may well be the something new which needs to be added to American foreign policy—or a good way to find it.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Red-Bloc Aid Loses Support," written by Carroll Kilpatrick, and published in the Washington Post of June 4, 1958.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 4, 1958]

RED-BLOC AID LOSES SUPPORT

(By Carroll Kilpatrick)

The administration yesterday let it be known on Capitol Hill that it would no longer support the Kennedy amendment to

the foreign aid bill to permit economic aid to some Communist countries.

Senate minority leader WILLIAM F. KNOWLAND (Republican of California) last week announced that he would fight the Kennedy amendment, which Secretary of State John Foster Dulles earlier had said would be in the national interest.

The administration decision appeared to be embarrassing to some Republican as well as some Democratic Senators. Senator ALEXANDER WILEY (Republican of Wisconsin), senior minority member of the Foreign Relations Committee, made a vigorous defense of the amendment on the Senate floor Monday.

A State Department official said the administration had endorsed the Kennedy proposal in principle only and not as a part of the Mutual Security Act.

WOULD RELAX CURBS

KENNEDY's amendment would permit economic assistance to all Communist-controlled nations except Russia, Red China, and North Korea. It would not permit military aid. The amendment would relax Battle Act restrictions which prohibit economic aid.

The Senate is expected to begin voting on the \$3 billion aid bill today, and may pass it tonight or Thursday.

State Department officials were said to be divided over what position to take after KNOWLAND made known his determination to lead a fight against the proposal.

An official said it was decided not to support the proposal, however, because the House had never considered it and would not agree to it in conference. The aid bill already has passed the House. The official said the Kennedy amendment as a separate bill would be supported.

In March, testifying before the Foreign Relations Committee, Dulles endorsed the Kennedy plan, saying it would provide "more flexibility" in the administration of foreign aid which would be "very desirable."

In April, the State Department suggested some changes in KENNEDY's amendment, which the Senator accepted.

In reporting the aid bill, the Foreign Relations Committee said "a series of cracks has appeared in the Iron Curtain" and that "there is a third category of nations in the process of moving away from Communist control and establishing some measure of independence."

AWARE OF RISKS

It said the amendment would make it possible "to help the freedom-loving peoples of Eastern Europe and other areas to achieve greater political, economic and social freedom by means short of either civil war or international war."

The committee said it was "well aware of the risks" of a policy of extending aid to such countries, but explained that "this is the area of maximum vulnerability of the Soviet empire."

"The committee believes that the risks are outweighed by the increased chance for world peace which may result if the United States can help some countries within the Communist bloc gradually to loosen their bonds," the report said.

KNOWLAND told the Senate such aid would play into the hands of the rulers of Russia and Communist China by alleviating for them the burdens of providing an acceptable standard of living in these nations.

"No third category of nations is in the process of moving away from Communist control and establishing some measure of independence," the Californian said.

SEES HANDS TIED

WILEY told the Senate Monday that KNOWLAND's amendment "would tie the hands of the President" and "deny the President the opportunity to make an independent judgment as to whether aid to a country

such as Poland * * * or Yugoslavia continues to be in our national interest."

As the Senate continued to debate the aid bill Senator ALLEN J. ELLENDER Democrat of Louisiana, said he would introduce a series of amendments to cut substantially the amount of money to be authorized.

ELLENDER said he favored the Kennedy provision. He said he did not know whether limited aid to Red satellites would do any good but that this country should be able to give such aid if the President thought it advisable.

Senator WILLIAM E. JENNER, Republican, of Indiana, called for an end to all aid programs as of December 31. After that, he said, aid funds should be paid by the Treasury on the basis of nation-to-nation agreements.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "State Caves In," published in the Washington Post of June 4, 1958. The editorial concerns the Kennedy amendment and refers to the colloquy which took place between the Senator from New York and the junior Senator from Minnesota.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 4, 1958]

STATE CAVES IN

The State Department again is displaying the kind of spinelessness on an important aspect of the mutual security program that makes a mockery of the Administration's recent warnings about the massive Soviet trade and aid offensive. In April the Department enthusiastically endorsed the bill by Senator KENNEDY to liberalize the restrictive Battle Act, which severely limits the granting of economic assistance to Communist countries. But now that the Kennedy bill has been approved by the Senate Foreign Relations Committee as an amendment to the pending Mutual Security Act, State Department spokesmen have let it be known that the question is one for legislative determination.

Given the violent objections of Minority Leader KNOWLAND to any and all aid to Communist countries, whatever the circumstances, the plain implication is that the administration is prepared to let him have his way even though Senator WILEY and other Republicans have supported the Kennedy amendment. It appears that Mr. KNOWLAND is exercising a kind of blackmail by threatening the foreign aid appropriation if his opposition is ignored.

Aid to Communist countries should not of course be routinely given. There ought to be presidential findings that such assistance is in the national interest. But once the finding is made, it is utter nonsense to apply all kinds of special inhibitions and restrictions. In what other kind of situation is it more important to have prompt and adequate action?

Under the Battle Act it took 8 months for modest assistance to be worked out for Poland during the difficult time in which that country began to steer a more independent course. Even then, the use of Export-Import Bank loans was foreclosed, and the full implementation of the agricultural surplus disposal program was impossible. The Kennedy amendment would lift some of these restrictions and give the President the power to help the satellites make the most of any opportunities that come their way for lessening their subservience to Moscow.

The State Department may have a tactical point in its professed preference for action on the Kennedy bill independent of the mutual security legislation. But if so, it has

done precious little in the House to move matters in that direction and its trucking to Mr. KNOWLAND will leave it subject to further attack. The unavoidable inference is that Senator KNOWLAND is, at the moment, in charge of this phase of American foreign policy.

Mr. HUMPHREY. Mr. President, an eloquent plea has been made for foreign aid and foreign trade in the form of an address entitled "International Trade and Our National Security," delivered by Under Secretary of State Christian Herter before the Seventh Annual Washington State International Trade Fair at Seattle, Wash., April 11, 1958, and published in the Department of State Bulletin of recent date.

Under Secretary of State Herter is a man for whom I have very high regard, and who is a very faithful public servant.

Under Secretary Herter has demonstrated the interrelationship of the mutual security program and the reciprocal trade policies. He has made a powerful and persuasive argument. I read it twice and found it to be invigorating and provocative. It is worthy of the attention of every Member of Congress and all other citizens.

I ask unanimous consent that the address be printed at this point in the RECORD as I conclude my own remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

INTERNATIONAL TRADE AND OUR NATIONAL SECURITY

(By Under Secretary Herter¹)

President Eisenhower and Mr. Dulles asked me to tell you of their keen interest in this great civic enterprise. The benefits of a fair such as this extend throughout the United States. In the most practical way possible, you are demonstrating the interdependence of nations. Our foreign policy is based on the belief that no nation is an island unto itself and, in bringing nations and peoples and goods closer together, you are furthering the aims of this Government.

Trade fairs hark back to ancient days. There is a Biblical reference in the Book of Esther to a fair lasting 180 days conducted by Xerxes, King of the Persians, for the purpose of displaying the riches of his kingdom. This was 500 B. C. Through the ages, trade fairs played an important role in establishing many of the important trading centers of Europe—Frankfort, Leipzig, Lyon, Brussels. They became crossroads of traffic in the very same sense that this great city of Seattle is a gateway to the Orient.

We can trace the history of fairs from medieval times through the Middle Ages down to the present—from stalls and booths and bazaars and shows to the great industrial exhibitions of today. But there is an essential difference between fairs today and in olden times.

This is a geographical difference. In Europe distances between countries like Belgium or Holland or, for that matter, almost any country in western or central Europe are comparatively short. Because of the difficulties of transportation and the small area and population of each country, the producers of goods a few hundred years ago had to rely on outlets in neighboring countries.

¹ Address made before the Seventh Annual Washington State International Trade Fair at Seattle, Wash., on Apr. 11 (press release 183 dated Apr. 9).

The mid-20th century has changed all this. The world is the market for the man with the better mousetrap. You can fly that mousetrap from Bangkok to Seattle in 44 hours.

This is a mixed blessing. In less than 44 hours a military plane carrying an atomic or hydrogen bomb can also deliver its cargo to any city in the world. This, together with the threat of ballistic missiles, makes it all too evident that the United States is no longer protected by its Atlantic and Pacific Oceans. From a space-age viewpoint, Moscow is just about as close as your nearest shopping center.

Now, the foreign policy of the United States reflects this fundamental fact—and that is that the security and prosperity of this Nation cannot be separated from that of other nations.

COMMUNIST STRATEGY

We live in a troubled world, but we have no trouble in locating the threat to our peace and security. The threat is international communism. The threat is not new. It is as old as communism itself. Thirty-five years ago, Lenin said:

"First we will take Eastern Europe, next the masses of Asia, and finally we will encircle the last bastion of capitalism—the United States. We shall not have to attack it; it will fall like overripe fruit into our hands."

Now that is very specific and very direct; and I don't think I need to point out to this audience that communism has accomplished the first step. What the mapmakers called Eastern Europe 20 years ago is behind the Iron Curtain.

This Lenin statement is Communist doctrine. It charts the strategy, and it has been like a polar star to the succession of rulers in the Kremlin. World domination was and is the goal.

While attempting to lull the free world into a sense of false security, the Sino-Soviet bloc has developed the largest standing army in the history of the world. They have built a submarine fleet more than three times larger than our own. And they back up this army and navy with an array of tactical and intermediate missiles. While protesting their peaceful intentions, they work night and day to develop the so-called ultimate weapon—the intercontinental ballistic missile.

This is the military threat of communism. It is not dreamed up by any alarmist. It exists today—now—and it is very, very formidable.

In view of the record of international communism, a record filled with treachery and broken promises, simple prudence would dictate that the United States and the rest of the free world counter this threat. This we have done and will continue to do. Briefly, I would like to tell you how.

First, we have strengthened, modernized, and streamlined our own military establishment. The more than 2,600,000 men and women in the Army, Navy, Marine Corps, and Air Force are equipped with the latest nuclear weapons, atomic submarines, guided-missile ships, fighters, bombers, and ballistic missiles. This combined force, dispersed, ready for action, and capable of instant retaliation, is a mighty deterrent to any would-be aggressor.

THE MUTUAL SECURITY PROGRAM, A SHIELD OF ADDITIONAL STRENGTH

But we have not stopped here. Under the mutual security program we have built a shield of additional strength to protect the free nations of the world.

Using our basic theory of the interdependence of nations, we have established military alliances with 42 nations of the free world. We have bilateral treaties with Korea, free China, Japan, and the Philippines and multilateral agreements through

the Organization of American States, the North Atlantic Treaty Organization, the Southeast Asia Treaty Organization, and the Australia-New Zealand-United States treaty called ANZUS.

During the past 7 years we have contributed \$20 billion in mutual defense assistance to our free-world allies. But during this same period of time our partners in these defensive alliances have contributed \$122 billion to develop the strength of the free world. In addition to helping us with manpower problems that would greatly weaken our economy if we had to go it alone, our allies have provided more than 250 major overseas bases.

This massive defensive strength has brought to a halt outright armed aggression by the forces of international communism. The weapons of bullying and bullets have been put in the skeleton closet—probably the largest skeleton closet in all history.

SOVIET ECONOMIC OFFENSIVE

Communism is now probing in another direction with new weapons. I am talking about the new Soviet economic offensive.² Instead of bombast and bluster, the Communists now talk softly. They coax and use blandishments. Listen to this statement by a Russian delegate at the recent Afro-Asian Peoples' Solidarity Conference in Cairo:

"We do not seek to get any advantages. * * * We are ready to help you as brother helps brother, without any interest whatever, for we know from our own experience how difficult it is to get rid of need."

I think the martyrs of Hungary and Poland and Czechoslovakia and Rumania and Latvia and Estonia and Lithuania and Bulgaria bear silent witness to the tragedy of believing that brother act. Getting rid of the Communists is harder than getting rid of need.

The sometimes voluble Khrushchey let slip the real intention of the economic offensive of the Soviet Union when he told a group of Congressmen who interviewed him: "We value trade least for economic reasons and most for political purposes."

But, unbelievable as it may seem, nations which have waited centuries for independence are edging perilously close to the spider's web. With long-term loans at low interest rates, the Soviet bloc has doubled its trade with the less developed nations in 3 years from \$840 million in 1954 to about \$1.7 billion in 1957; and the number of trade agreements in this 3-year period has leaped from 49 to 147. The ink is scarcely dry on these agreements before the first paneload of Soviet technicians arrives to begin the job of veering the country toward communism.

President Eisenhower, in a message to Congress,³ made it clear how we as Americans must regard this new threat. This is what the President said:

"If the purpose of Soviet aid to any country were simply to help it overcome economic difficulties without infringing its freedom, such aid could be welcomed as forwarding the free world purpose of economic growth. But there is nothing in the history of international communism to indicate this can be the case. Until such evidence is forthcoming, we and other free nations must assume that Soviet bloc aid is a new, subtle, and long-range instrument directed toward the same old purpose of drawing its recipient away from the community of free nations and ultimately into the Communist orbit."

Now, the greatest mistake we could make would be to assume that this Soviet economic offensive is something that will pass

in the night, that it is a flash in the pan, that it will peter out. It is being pursued with the same determination, the same ruthlessness, the same disregard for the truth, and with the same tenacity that the Soviet Union has demonstrated in its military buildup.

The mutual-security program is a counter to this threat, too. We are working with the less developed nations to help them find their place in the sun. Most of these nations need higher levels of health, education, and sanitation. They need to learn new methods of agriculture, of irrigation, of conservation. They need nurses, doctors, teachers, engineers, administrators. Through our technical cooperation program we are helping in all of these areas.

DEVELOPMENT LOAN FUND

We are not trying to prime the pump of these underdeveloped countries. We are helping them to get the basic industry—the pump itself—for them to prime. Most of these developing countries do not yet have the basic facilities to attract private risk capital. They lack good harbors, port facilities, roads, communications, power, railways. To help fill the vacuum we established late last year the Development Loan Fund as a part of the mutual-security program.

The Development Loan Fund lends money for specific, economically sound, and technically feasible projects. It does not extend credit when other financing is available on reasonable terms. It concentrates on long-range, economic-growth projects. Applications for nearly \$2 billion in such projects are now being carefully screened. Only \$300 million was appropriated last year, and \$625 million has been requested for this year.

There are strong moral and humanitarian reasons for this effort to help hundreds of millions of people rid themselves of dirt, disease, and despair, but there are strong reasons from an economic, self-interest standpoint too. This one-third of the world's population constitutes a tremendous potential market for the goods of America, the world's largest trading nation.

Let me say a few words about world trade and America's relation to it. I am a Yankee from Massachusetts. From my State about a century ago, clipper ships set sail on voyages round the world. Those beautiful clipper ships helped to build not only Massachusetts but the entire United States of America. Today America is the world's largest exporter and the world's largest importer. Our two-way trade in 1957 reached the staggering total of \$32 billion, an all-time high in any nation's history.

RECIPROCAL TRADE AGREEMENTS PROGRAM

This world record was accomplished within the framework of the reciprocal trade agreements program. Twenty-five years ago, Cordell Hull, a great American, established this program. It has become known as a symbol of international trade cooperation. The reciprocal trade agreements program has been renewed by Congress 10 times, and it is before Congress for renewal now. The President of the United States has requested that it be renewed again, this time for 5 years.⁴

Strong voices are being raised against the program by those who think, rightly or wrongly, that the trade agreements program is injurious to their particular industry. Less than a month ago about 1,300 leaders from all walks of life and from all sections of the country gathered in Washington to voice their support of the reciprocal trade

²For a statement by Deputy Under Secretary Dillon on Soviet-bloc economic activities in less developed countries, see Bulletin of March 24, 1958, p. 469.

³Ibid., March 10, 1958, p. 367.

⁴Ibid., February 17, 1958, page 263; for statements by Secretary of Commerce Sinclair Week, Secretary Dulles, and Deputy Under Secretary Dillon, see *ibid.*, March 17, 1958, page 432, and April 14, 1958, page 626.

agreements program.⁵ Theirs was the grass-roots voice of America, but whether it will continue to be heard over the daily cries of the self-interest groups remains to be seen.

Here is an example of the situation we face. In the month of February, 114 textile concerns in Japan went bankrupt. Now, my own State of Massachusetts is one of the leading textile States in the Nation. We have unemployment in the textile industry in Massachusetts at the present time, and all of us naturally have a greater concern for the problems of our own citizens than for those of our friends overseas.

But let's just consider this fact: Japan is America's second best customer for the products of our farms and factories. Last year it was better than a billion-dollar customer, but its trade deficit with the United States was \$624 million. The effect of Japan's purchases is felt in every corner of the United States. And when you have a billion-dollar-a-year customer who shows signs of ailing, it's time to call the doctor and get a good diagnosis.

What's wrong is obvious. Japan needs desperately greater access to the American market. Japan is the most industrialized nation in Asia. They are a dependable ally. Faced with 90 million people to support in an area smaller than California, and with few natural resources of her own, Japan must trade to live. If the West closes the trade door in Japan's face, Japan must turn to the Communist bloc.

This situation illustrates vividly the interrelationship between international trade and security. We cannot have strong partners in our free-world alliance unless we give them a chance to build strong economies through trade.

This is the problem—how to safeguard the Nation's defense through effective alliances while adequately protecting American business interests. There is no perfect way to accomplish both objectives. However, I believe that the reciprocal trade agreements program, with its built-in protections, is the most practical way.

If we do not make it possible for the nations of the free world to trade with us, they have no alternative but to trade with the Soviet Union. As a supporter of this program has so aptly said, "This is the cold algebra of sense and reason." Khrushchev is confident that our democratic system will force the nations of the free world into his hands. Last November he said:

"The threat to the United States is not the ICBM, but in the field of peaceful production. We are relentless in this, and it will prove the superiority of our system."

This is a warning to be heeded. What could be greater folly than to push the nations of the free world into the crushing embrace of the Russian bear?

This economic cold war will be won in the field of trade. It will be won by dedicated men and women like yourselves, working toward the common goal of national freedom and trade freedom. I have unbounded faith in the outcome of this struggle.

EXHIBIT 1

CHRONOLOGY OF OFFICIAL POLICY STATEMENTS ON INCREASED WORLD SCIENTIFIC COOPERATION FOR HEALTH

EXCERPTS FROM ADDRESS BY PRESIDENT DWIGHT D. EISENHOWER ON THE STATE OF THE UNION BEFORE JOINT SESSION OF CONGRESS, JANUARY 9, 1958

Works of peace

My last call for action is not primarily addressed to the Congress and people of the

⁵ For an address made at the conference by President Eisenhower and remarks by Secretary Dulles and Mr. Dillon, see *ibid.*, April 14, 1958, p. 591.

United States. Rather, it is a message from the people of the United States to all other peoples, especially those of the Soviet Union.

This is the spirit of what we Americans would like to say:

"In the last analysis, there is only one solution to the grim problems that lie ahead. The world must stop the present plunge toward more and more destructive weapons of war, and turn the corner that will start our steps firmly on the path toward lasting peace.

"Our greatest hope for success lies in a universal fact: The people of the world, as people, have always wanted peace and want peace now.

"The problem, then, is to find a way of translating this universal desire into action.

"This will require more than words of peace. It requires works of peace."

Now, may I try to give you some concrete examples of the kind of works of peace that might make a beginning in the new direction.

For a start our people should learn to know each other better. Recent negotiations in Washington have provided a basis in principle for greater freedom of communication and exchange of people. I urge the Soviet Government to cooperate in turning principle into practice by prompt and tangible actions that will break down the unnatural barriers that have blocked the flow of thought and understanding between our peoples.

Another kind of work of peace is cooperation on projects of human welfare. For example, we now have it within our power to eradicate from the face of the earth that age-old scourge of mankind: malaria. We are embarking with other nations in an all-out, 5-year campaign to blot out this curse forever. We invite the Soviets to join with us in this great work of humanity.

Indeed, we would be willing to pool our efforts with the Soviets in other campaigns against the diseases that are the common enemy of all mortals—such as cancer and heart disease.

If people can get together on such projects, is it not possible that we could then go on to a full-scale cooperative program of science for peace?

A program of science for peace might provide a means of funneling into one place the results of research from scientists everywhere and from there making it available to all parts of the world.

There is almost no limit to the human betterment that could result from such cooperation. Hunger and disease could increasingly be driven from the earth. The age-old dream of a good life for all could, at long last, be translated into reality.

EXCERPTS FROM SENATE REPORT 1627 BY THE SENATE COMMITTEE ON FOREIGN RELATIONS ON H. R. 12181, THE MUTUAL SECURITY ACT OF 1958

K. World Health Organization

The bill adds a new section 6 to the act authorizing United States participation in the World Health Organization. The new section recognizes that the "diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent in the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions."

It is declared to be the policy of the United States "to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer."

Finally, in furtherance of this policy, the World Health Organization is invited to "initiate studies looking toward the strengthening of research and related programs against heart disease, cancer, and other diseases common to mankind or unique to individual regions of the globe."

The policy statement in this section is of broader application than, but is similar to, that which is already contained in section 420 of the Mutual Security Act in regard to malaria. It seemed to the committee desirable to broaden the expression of congressional interest in the conquest of debilitating diseases. It will be recalled that in his state of the Union message, the President invited the Soviet Union to join in the worldwide malaria eradication program and then added: "Indeed, we would be willing to pool our efforts with the Soviets in other campaigns against the diseases that are the common enemy of all mortals—such as cancer and heart disease."

The amendment does not provide any additional funds. The United States contribution to the World Health Organization is limited by law to one-third of the Organization's assessed budget. The committee is hopeful, however, that the Organization will broaden its activities in the field of research in accordance with a sound and well-thought-out program.

L. Scientific activities abroad

The bill adds to section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480) a new subsection (k) which would make it possible to use foreign currencies accruing under title I of Public Law 480 to "collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas."

It is specified that these activities could include "programs and projects of scientific cooperation between the United States and other countries, such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe."

Activities of the kind authorized by the amendment seem to the committee to hold great promise. There is, for example, great need in the United States for translations and abstracts of scientific works published abroad. There is equal need abroad for such works published in the United States. There are many excellent scientific institutions abroad which could do even more effective work if they could receive even marginal increments in funds, and these funds are frequently available, in local currencies, as a result of operations under Public Law 480. Obvious possibilities are raised of fruitful collaboration between the American and foreign scientific communities. This collaboration should be advantageous not only in terms of the scientific results but also in terms of better people-to-people understanding. This is perhaps particularly true in regard to medical research.

The amendment does not in itself make funds available. It simply authorizes the use of Public Law 480 foreign currencies for the purposes stated. The amendment leaves to the President the question as to which executive agencies will administer these programs. However, it is contemplated that the National Science Foundation might be a principal collating and disseminating agency of general scientific information and that the Public Health Service would be active in regard to collecting, translating, and disseminating medical information.

EXCERPTS FROM H. R. 12181, MUTUAL SECURITY ACT OF 1958, AS REVISED BY SENATE COMMITTEE ON FOREIGN RELATIONS

(n) Section 104 of the Agricultural Trade Development Assistance Act of 1954 (Public Law 480, 83d Cong.; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation

between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe."

(c) The act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating efforts, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

EXCERPTS OF ADDRESS BY HON. MARION B. FOLSOM, SECRETARY OF HEALTH, EDUCATION, AND WELFARE, AND CHIEF, UNITED STATES DELEGATION FOR THE 10TH ANNIVERSARY LUNCHEON COMMEMORATING THE FOUNDING OF THE WORLD HEALTH ORGANIZATION

And so on this anniversary occasion, in glancing back, we look not so much for reasons to congratulate ourselves for what has been accomplished as to learn from those experiences how we may quicken our pace in the years ahead.

The men and women of the World Health Organization cannot, of course, hope to do the whole job alone. You will need ever increasing understanding of people everywhere. You will need greater support.

One of the most pressing needs, certainly, is wider support of what Dr. Candeau has identified as the real backbone of WHO's varied activities; namely, to pool all available scientific and technical knowledge, constantly appraise it, and to study its applicability to the solution of public health problems.

In his most recent state of the Union address, as many of you will recall, President Eisenhower noted this need and expressed the willingness of the United States to engage, with other nations, in research on pressing world medical problems.

As a concrete step toward this objective, the United States will propose that the World Health Organization undertake a special study to search out new and more effective ways of fostering medical research on an international basis. If the forthcoming assembly views this proposal with favor, I am happy to announce that our Government, through the Department I represent, is prepared to provide a grant on the order of \$300,000 to the World Health Organization to support this study. We believe such an undertaking holds bright promise for the future welfare of mankind.

Many of you, I am sure, are familiar with the work that is already being carried on by the Public Health Service in the field of international health. At present there are about 100 visiting scientists representing 30 different nations engaged in research at the National Institutes of Health. Since 1947, fellowships awarded by the National Institutes have enabled about 300 American scientists to study in other countries. These and other research arrangements between the United States and other countries will be continued and wherever possible expanded. For example, through a relatively new program of research fellowships, we are planning to bring many more medical scientists to the United States to study in laboratories of their own choice.

This kind of interchange of professional people—with all their specialized knowledge and their ideas—not only increases our skills but contributes immeasurably to the further development of that human understanding upon which all progress depends.

History teaches us that international undertakings which seek to establish political harmony among nations are one of the most difficult of all human endeavors.

But history also indicates that political harmony can be advanced through common interests in fields which are primarily nonpolitical in nature. I can think of no field which presents a better opportunity to promote harmony among men than the field of good health—a common desire among all peoples.

As we strive to deal ever more effectively with the diseases of man, we look toward that further horizon of the World Health Organization—the physical, mental, and social well-being of all peoples, to the end that man may live in greater understanding and in peace throughout the world.

EXCERPTS OF ADDRESS BY DR. MILTON EISENHOWER, PRESIDENT, JOHNS HOPKINS UNIVERSITY, PERSONAL REPRESENTATIVE OF THE PRESIDENT OF THE UNITED STATES, BEFORE THE 10TH ANNIVERSARY COMMEMORATION SESSION OF THE WORLD HEALTH ORGANIZATION AT MINNEAPOLIS

The President of the United States has asked me to bring you the following message:

"Personally and on behalf of the people of the United States, I extend to you, the delegates of governments of so many countries, a warm welcome. You have come here from all corners of the world to deal with very human and personal problems that affect us all. I wish you notable success.

"The 10th anniversary commemorative session of the World Health Organization directs our attention to the fact that the nations of the world are working together in harmony for the improvement of the living conditions of all peoples. As a result of the work of the World Health Organization and the stimulating leadership it has given to its member states, millions the world over are spared from disease and suffering that would have been their lot. The United States is proud of its part and the part of its health leaders in this mutual endeavor. We look forward to even greater accomplishments in the control of disease, in the building of health services, and in the opening of new avenues of medical knowledge through research. We look to the World Health Organization with confidence as a proven instrument through which the nations and the peoples of the world can combine their efforts, in friendship, toward the building of true peace.

"DWIGHT D. EISENHOWER."

As the infectious diseases—the historic scourges of mankind—are gradually brought under control and eradicated, we find other problems moving into the foreground of our concern. Two such are heart disease and cancer. A certain amount is known about both—enough so that the vast uncharted areas of knowledge concerning them are recognized, as an explorer recognizes the borders of a new continent.

Yet we know that intensive exploration will solve the mysteries of heart disease and of cancer—that a way will be found. It is even now a question of when, not whether. Where is almost immaterial. For the man or woman who achieves the final breakthrough may come forward in any part of the world.

The great medical advances over the last century evoke names from many countries: Pasteur and the Curies of France; Koch and Ehrlich of Germany; Noguchi of Japan; Fleming of Britain; Houssay of Argentina; Pavlov of Russia; Florey of Australia;

Semelweis of Austria; the Mayos and Salk of the United States. India has given us the tranquilizers; Switzerland, DDT; Germany, the sulfa drugs.

What great names, and what countries will take their places on the high pediment of future medical history we do not yet know. But what is clear is that, whoever they are, wherever they are, their achievements will be based on the shared knowledge of scientists everywhere, and will benefit all mankind.

I wish to submit a proposal for your thoughtful consideration. I propose that the WHO conduct a special study during the coming year—through a staff selected for the purpose, working with the world's leaders in medical research—to determine how it may most effectively perform its fullest role in research. If this seems to you to offer promise, Secretary Folsom has told me that the Department of Health, Education, and Welfare, on behalf of the United States, is prepared to make a special grant to the Organization for such a preliminary study. From this study, emphasizing initially cancer and heart disease, we would anticipate the emergence of a plan that would merit the support of member states.

Furthermore, the United States is prepared to consider providing substantial support for any sound program that may result from the study.

In research the World Health Organization has been a stimulator and coordinator, not a doer. This is as it should be, and we should assure that it can play this key role with full effect.

The first steps toward the coordination of research have already been taken. By the end of last year the WHO had established close working relationships with 1,800 institutions and laboratories. It was making use of 35 expert panels in as many fields, with a total membership of 1,400 health experts. It thus is able to stimulate and coordinate research in a wide variety of fields through laboratories in many lands. WHO facilitation of interchange of ideas and information in 1957 included worldwide or regional technical conferences, seminars and expert committees in cancer, addiction-producing drugs, heart disease, malaria, insect resistance to insecticides, atomic energy, mental health, yellow fever, professional education, and other fields.

The sum total of these research activities represents only a small percentage of the Organization's budget. Their significance, however, cannot be measured in terms of the amounts spent. One example of this important type of work which has impressed me was the rapid development of an effective preventive vaccine against Asian influenza last year. This was the direct result of having an internationally coordinated network of laboratories that received reports on its occurrence, and determined the prevalence of the causative virus strain.

The record is impressive. But much more is needed.

We need more rapid exchange of ideas and information between laboratories and scientists. We need more opportunities for scientists to meet together and discuss freely their work and their problems. We need to find the gaps in research and fill them. We need to develop research workers and give them scope and opportunity. We must search worldwide to know where disease occurs and why. We must test, in the laboratory, empirical observations that are made in the field and in the hospitals. We must examine those materials and ideas that have persisted through the centuries as traditions and superstitions in the folklore of the world.

It is our expectation that out of the special study which I have proposed the world can, through the WHO, address itself more vigorously to finding solutions to the great unsolved mysteries of disease. Thus again

the WHO would establish international patterns of effort, which might lead, as President Eisenhower suggested last January to "a full-scale cooperative program of science for peace."

A reexamination and intensification of its research role is one of the significant challenges before the World Health Organization. The United States has faith in the will and ability of the WHO to meet this challenge. Our faith in the future is based on the performance of the past—indeed on a decade of accomplishment which is our pride and our privilege to celebrate today.

DEPARTMENT OF STATE,
May 29, 1958.

The Department of State today released the texts of the notes exchanged with the Soviet Union concerning suggestions made by President Eisenhower for international cooperation in the struggle against disease. These suggestions in the President's state of the Union message on January 9, 1958, invited the Soviet Union to join with the United States and other nations in the existent campaign against malaria and in other campaigns against illnesses such as heart disease and cancer.

In a note delivered May 26, 1958, the Department of State expressed gratification at the positive response given in a note from the Soviet Embassy dated May 19, 1958. The note contained specific suggestions for cooperative measures in the field of public health and indicated that the Soviet Union was prepared to cooperate in the programs of the World Health Organization.

The Department's note in reply pointed out that the United States was presenting proposals to the World Health Organization relating to a cooperative program of research, with initial emphasis on cancer and heart disease, and expressed the hope that the Soviet Union would support these proposals and cooperate in the proposed program. Should some aspects of the Soviet suggestions not be covered by the current programs of the World Health Organization, or those adopted in the near future, the Department expressed willingness to discuss these aspects under the arrangements established for Soviet-American discussions of exchanges between the two countries.

The American note pointed out that the recent agreement on exchanges between the United States and the Soviet Union provided for exchanges of medical delegations, reciprocal trips of medical specialists, and the exchange of medical films and medical journals. These features of the agreement are being actively developed at present. A delegation of American women doctors has been visiting medical installations in the Soviet Union in reciprocity for a previous visit by Soviet women doctors to the United States. Exchanges of medical publications are being expanded. Plans are being developed for American medical scientists to deliver lectures at Soviet medical institutes and for Soviet scientists to reciprocate. An exchange of technical films on medical subjects is under discussion.

The American proposals to the WHO, mentioned in the Department's note, were outlined by Dr. Milton Eisenhower on May 27, 1958, at the current session of the World Health Assembly at Minneapolis. Dr. Eisenhower proposed that the WHO conduct a special study during the coming year to determine how it may most effectively perform its fullest role in international cooperative research, with initial emphasis on cancer and heart disease. He stated that the United States is prepared to make a special grant for such a study and would consider providing substantial support for any sound program resulting from it. He also reaffirmed United States support for the current campaign sponsored by WHO against

malaria. Dr. Eisenhower praised the great strides which have been made in this cooperative effort, which has already halved the incidence of malaria and saved millions of lives. He recalled the President's invitation for nations, including the Soviet Union, which were not yet participating, to join in this international effort, and expressed the hope that many would do so.

The text of the Department of State's note of May 26, 1958, follows:

"The Department of State acknowledges the receipt of note No. 14 dated May 19, 1958, from the Embassy of the Union of Soviet Socialist Republics.

"The Department is gratified that the Union of Soviet Socialist Republics has found it possible to respond positively to the suggestion which President Eisenhower made in his state of the Union message on January 9, 1958, that the Soviet Union join with the United States and other nations in the existent campaign against malaria and in other campaigns against illnesses such as cancer and heart disease. As the Embassy's note states, the President's suggestions were discussed during the negotiations on the agreement between the United States of America and the Union of Soviet Socialist Republics concerning cultural, technological, and educational exchanges. It was agreed during the discussion that the exchange of opinions on the President's suggestions would be continued. The agreement on exchanges between the United States of America and the Union of Soviet Socialist Republics in the cultural, technological, and educational fields which was signed on January 27, 1958, provides for certain exchanges of medical delegations in 1958-59, reciprocal trips of medical specialists and the exchange of medical films and medical journals.

"The embassy's note contains certain specific proposals for further cooperative measures in 1958-60 in the field of public health. The note also refers to the World Health Organization as an organization through which the Union of Soviet Socialist Republics is prepared to cooperate with other nations in this field. The Department considers that some aspects of the proposals in the embassy's note might most appropriately be discussed and carried out through the World Health Organization. At the forthcoming Commemorative 10th Anniversary Session of the World Health Assembly at Minneapolis the United States will have certain proposals to present relating to a cooperative program of research, with initial emphasis on cancer and heart disease. The United States hopes that other governments, including the Government of the Union of Soviet Socialist Republics, will find it possible to support these proposals and to cooperate in the proposed program.

"Some aspects of the proposals set forth in the Embassy's note may not be encompassed by the cooperative measures which the World Health Assembly has adopted or may adopt. The Department is prepared to discuss these aspects of the Soviet proposals under the arrangements established for Soviet-American discussions of cultural, technical, and educational exchanges between our two countries.

"DEPARTMENT OF STATE.

"WASHINGTON, May 26, 1958."

[Unofficial English translation]

EMBASSY OF THE UNION OF
SOVIET SOCIALIST REPUBLICS.

DEPARTMENT OF STATE,

United States of America,

Washington, D. C.

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State of the United States of America and upon instructions from the

Soviet Government has the honor to communicate the following:

During the Soviet-American negotiations about working out an agreement between the U. S. S. R. and the United States concerning exchanges in the fields of culture, technology, and education, the question was touched upon as to whether the U. S. S. R. and the United States should agree upon uniting their efforts in the struggle against cancer, vascular heart ailments, and malaria, and it was agreed that an exchange of opinions on this question would be continued.

As is well known, the Soviet Union joined the World Health Organization for the purpose of cooperating with other countries in improving and preserving the health of all nations, and it also cooperates with other countries in the field of public health even outside the framework of this organization.

At the suggestion of the Soviet Union there were also included measures in the field of public health in the agreement between the U. S. S. R. and the United States for exchanges in the field of culture, technology, and education, which was concluded on January 27, 1958. In particular, the agreement provides for the exchange between the U. S. S. R. and the United States of medical delegations in 1958-59 reciprocal trips of specialists for giving lectures in the field of medicine, and the exchange of medical films and medical journals.

The Soviet Government considers that in addition to the measures which have been provided for by the said agreement the Soviet Union and the United States might also agree on adopting other measures in the field of public health.

For the consideration of the Government of the United States the Soviet Government introduces the proposal to agree on carrying out the following measures in 1958-60:

Mutual exchange of plans and results of scientific research on the development of the problems of cancer and vascular heart ailments of scientific research institutes of the U. S. S. R. and the United States.

Periodic sending of leading American specialists in cancer problems and vascular heart ailments to the U. S. S. R. and of Soviet specialists to the United States for a more profound study of the setup of scientific research.

A mutual publication of works by American research men in Soviet journals and of works by Soviet research men in American journals on cancer problems and vascular heart ailments.

Organization of mixed Soviet-American groups for combatting malaria and smallpox, to be sent, with the consent of the respective governments, to the regions of Africa and South America where those illnesses are endemic.

The Soviet Government would appreciate a prompt reply to the above-mentioned proposals and, on its part, is prepared to examine the proposals that might be presented by the American side.

(Signed) A. MENSHIKOV.

WASHINGTON, May 19, 1958.

[From the New York Times of June 2, 1958]
DRIVE TO CONQUER 5 KILLERS ASKED—MEDICAL
MANHATTAN PROJECT URGED BY MRS. LASKER—SPENDING CONTRASTED

A medical research program equal to the Manhattan Project, which gave the United States the first atom bomb, was recommended yesterday by Mrs. Albert D. Lasker, chairman of the National Health Education Committee.

She made her recommendation in connection with publication of the committee's new booklet titled "Do We Spend Enough Dollars to Defend Our Lives Through Med-

ical Research?" She declared that five major killing and crippling disease groups now stood between Americans and their attainment of longer, healthier, happier lives.

The disease groups were listed by Mrs. Lasker as arteriosclerosis (hardening of the arteries) and other heart diseases, cancer, mental illnesses, arthritis, and metabolic diseases, neurological, and blinding eye diseases.

Despite the direct threat these pose to all Americans, Mrs. Lasker asserted, the United States continues to spend less than one percent on research against the killers within as compared with expenditures on defense against attack from without.

CONTRASTS IN SPENDING

In line with this, the book said that the Federal Government was spending \$600 million for the necessary construction of the distant early warning line to give Canada and this country warning against possible nuclear attack. In the 1958 fiscal year the Government has spent only \$27,084,000 for research against heart diseases, the leading killer of Americans (843,410 deaths in 1956), it was said.

The book declared that while wisely spending \$47 million for the construction of an atomic submarine, the Government spent only \$1,787,970 in 1956 for research directly against arteriosclerosis, the main cause of circulatory disease deaths (640,330 deaths in 1956).

After pointing to contrasts between various nondefense expenditures by industry and government agencies as compared with medical research allotments, the book called upon Americans to urge increased congressional appropriation for studies in the field of disease. It also called for increased State and local support in this field by Government officials and voluntary agencies.

EXHIBIT 2

INTERNATIONAL COOPERATION

ADMINISTRATION,

Washington, D. C., May 19, 1958.

Hon. RICHARD L. NEUBERGER,
United States Senate,
Washington, D. C.

DEAR SENATOR NEUBERGER: Prior to returning to his post in Kabul, Afghanistan, early this month, Ambassador Sheldon Mills requested that we provide you with a comparative statement of United States and Soviet assistance to Afghanistan.

In making a comparison of the relative amounts of aid supplied by the Soviet bloc and by the United States, it is important that the different character of the two programs be recognized. Many conceptual difficulties are involved in making exact comparisons of aid data. These difficulties result in large part from the characteristics of the two aid programs. One important distinguishing characteristic of bloc aid is that it is generally presented on a long-term basis without reference to annual commitments, and in a package form which may include a long-term line of credit, technical assistance, training, military assistance and, in particular, increased trade opportunities. Such single package offers can have great appeal, particularly when the recipient country is having difficulty in marketing its export products. In addition, this Soviet combination provides arrangements for repayment of loans. There is no Soviet private sector active in foreign markets, and since most of the Soviet assistance is repayable in commodities, it must be assumed that much of what previously passed for trade is now aid.

The United States mutual security program has generally provided aid in annual increments, supplemented by loans from the United States Export-Import Bank, by agricultural commodity sales, where the local currency proceeds are loaned to the country for economic development and by private investment. Trade, is mostly outside the

United States aid program. In the nature of the ICA operation, there is no commitment stage involving a signed umbrella agreement which is comparable with the long-term line of credit commitments made by the Soviet bloc. United States assistance necessarily is limited to yearly appropriations by the Congress, while the bloc countries extend lines of credit which can be drawn down over a period of time as projects are agreed upon. A large part of United States assistance has been in the form of grants. In contrast, it is doubtful if more than \$200,000 equivalent of the more than \$160 million of bloc assistance to Afghanistan has been on a grant basis.

Economic and military assistance has been provided to Afghanistan in substantial volume by the Soviet bloc since the first credits were extended by the U. S. S. R. and Czechoslovakia in 1954. By the end of April 1958, the total credit provided for by agreements in effect was \$161 million, including \$129 million for economic assistance and \$32 million for military assistance. This amount includes the \$100 million line of credit extended by the U. S. S. R. in 1956 for a variety of vaguely described development projects, including airfields, roads, irrigation projects, motor-repair shops, hydroelectric projects, and a laboratory.

It is believed that by now the arms and other military equipment to be supplied by the bloc have been largely delivered. Although perhaps less than one-fourth of the credit extended under the economic-aid agreement has been drawn down, substantial progress has been reported on many of the projects covered by the agreements. Streets of Kabul were paved and one asphalt factory near Kabul was completed with a line of credit extended in 1954. Construction has been completed on a grain silo, flour mill, bakery, petroleum-storage tanks, and cement plant. Surveys have been made or construction begun on various other projects, including a new highway over the Hindu Kush Mountains and airport construction. A number of buses and taxicabs were delivered, and also equipment for a 100-bed hospital. Although a substantial part of the \$100-million credit from the U. S. S. R. has been obligated for specific projects, actual expenditures to date have probably been relatively small.

It has been estimated that in the last half of 1955 there were more than 450 bloc technicians in Afghanistan, most of whom were Russian, the remainder Czech. It is expected that the Afghan petroleum development program will more than double the number of bloc technicians in Afghanistan over the next 4 years. In addition, a number of Russian military specialists were in the country engaged on a training program.

Standard United States procedure requires that any project be economically justifiable and feasible from an engineering standpoint before a commitment is made. Clearly, these considerations have not worried the U. S. S. R. at the time they have made their initial commitments, as their real intent has been to draw the Afghan economy into the Soviet orbit, without regard to the technical feasibility of the individual projects. Recently the cost estimates for several of the projects to which the U. S. S. R. committed itself in the first months of 1956 have doubled and in some cases quadrupled as Soviet engineers have been able to do actual feasibility appraisals.

Not only is the character of the Soviet assistance different but their methods of implementation also vary considerably from the typical United States operation. From what we know of the Soviet operation it appears that they can draft technicians and commandeer commodities as needed, without going through the formalities generally characterizing the United States operation of recruiting volunteers and obtaining competitive bids, etc. Moreover, the Soviets do not need to negotiate any service contracts with private firms. Thus, their operation can be faster and their costs can be completely flexible. As a monolithic entity, the U. S. S. R. can, for political expediency, absorb any loss which may be inherent in any particular transaction. The Soviet bloc is not bound by the competitive pricing limitations of the free market.

The United States is attempting not merely to assist free-world nations in their efforts to develop their own resources, but to promote joint activity by neighboring countries to attack common problems. This joint activity can have a most significant influence on the reduction of regional tensions. The President's fund for Asian economic development was established for this specific purpose, and, if current negotiations are successful it may shortly provide nearly \$27 million additional funding for improvements over the next few years of the connecting Afghan and Pakistan surface transportation systems.

Briefly then, United States and Soviet aid are not directly comparable. They are two very different types of undertakings and Soviet and United States aid cannot be compared in a truly useful line-item tabulation. Thus, the tabulation attached covers only the official United States bilateral assistance from the beginning of its program in Afghanistan.

Sincerely yours,

GUILFORD JAMESON,
Deputy Director for Congressional
Relations.

United States bilateral assistance to Afghanistan 1952-58

[All stated in thousands of dollars or equivalent]

Fiscal year	Technical cooperation	Economic development	Export-Import loan	Agricultural commodities	Personnel
1951			21,000		0
1952	258				0
1953	717			1,434	17
1954	1,341		18,500	1,172	35
1955	1,946				67
1956	2,950	15,300			94
1957	2,886	11,362		5,072	127
1958	2,850	5,950		6,780	303
Total	12,948	31,612	139,500	14,458	

Total United States assistance estimated to June 30, 1958..... \$98,518,000

¹ Loan of development assistance funds for wheat purchase.

² MSA section 550 for wheat.

³ Includes \$5,000,000 and \$5,750,000 in developmental loans in fiscal years 1956 and 1957.

⁴ Net cost to United States after cash payment by RGA.

⁵ \$1,950 has been allotted through Apr. 30, 1958. The balance is subject to the outcome of current negotiations and technical clearances involving tentatively \$3,000,000 of special assistance to supplement the earlier Export-Import funding of the Helmand Valley development program.

⁶ Public Law 480 title II for relief of famine.

EXHIBIT 3

WASHINGTON, May 28, 1958.

Hon. RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.:

"Small but important U. N. technical assistance program deserves all support United States can give. Foreign Relations Committee decision not to accept two constructive House provisions is most disappointing. We urge Senate on floor or in conference to peg United States contributions at 40 percent. Creation of new special fund makes 40 percent essential. United States ability to pay estimated at 40 percent of world's income. Also urge revision of base to include local cost assessments received and audited by U. N., thus giving greater recognition to contribution of other governments. These amendments already accepted by House would greatly strengthen technical assistance through U. N. They have our wholehearted support.

Robert R. Nathan, Americans for Democratic Action; Andrew E. Rice, American Veterans Committee; Wallace J. Campbell, Cooperative League of the U. S. A.; E. Raymond Wilson, Friends Committee on National Legislation; Bernard Weitzer, Jewish War Veterans; Reuben Johnson, National Farmers Union; Rev. James L. Vizzard, S. J., National Catholic Rural Life Conference; Mrs. Samuel Brown, National Council of Jewish Women; John W. Edelman, Textile Workers Union of America; Victor G. Reuther, United Automobile Workers; Donald Harrington, United World Federalists; Annalee Stewart, Women's International League for Peace and Freedom.

Mr. WILEY. Mr. President, we shall shortly begin to vote on what is universally acknowledged to be one of the 3 or 4 most important pieces of legislation in this second session of the 85th Congress.

I should like to say, as I said on Monday of this week, that I am not only for the mutual security bill, H. R. 12181, as reported by the Committee on Foreign Relations, but I am for it more strongly than ever. The headlines on the front pages of this very afternoon's newspapers confirm the wisdom of the bill.

Furthermore, I should like to say that I am more strongly than ever in favor of keeping in the bill the Kennedy amendment. It rightly amends the overly restrictive Battle Act, and thereby permits, within the discretion of the President of the United States, possible aid to Iron Curtain countries, excluding, however Soviet Russia, Red China, and North Korea.

I shall vote, therefore, in opposition to the effort made by my distinguished friend, the able senior Senator from California [Mr. KNOWLAND], who would attempt to eliminate the Kennedy amendment, and thereby keep the restrictive Battle Act, as it is at present.

CRITICS OF FOREIGN POLICY IGNORE GOOD NEWS ABROAD

I should like to state, Mr. President, that with respect to this overall bill, the basic choice before us in whether we will:

(a) Strike another effective blow for human freedom, for liberty, for security; or

(b) Whether we will wring our hands in dismay, in defeatism, and in self-imposed limitation.

The fact of the matter is that in recent weeks the critics of our present foreign policy have tended to follow two standard lines of procedure which have been their pattern for years and years:

(a) They have ignored all the good news on the international scene.

(b) They have played up all the not-so-good news, and have magnified it as if it were "utter calamity."

Thus, in recent weeks, we have not heard from these critics any reference to the gratifying news which came from Italy and from Japan. In the recent balloting in both of those countries, pro-western leadership, while it did not win an overwhelming victory, nevertheless it not only maintained itself, but, in some instances, grew even stronger.

Meanwhile, the economic position of the Western World, while it is not all that we would like it to be, certainly has not deteriorated as some prophets of gloom foresaw once our own recession had set in.

NEWS FROM FRANCE DISPELS GLOOM-MONGERING

Now, what about the news from France?

I would be less than frank if I did not say that, for a good many days, all of us were indeed concerned about the future of our great ally.

I had personally expressed the hope that the then Premier Pflimlin might be successful in his efforts.

The fact, however, that the Pflimlin Government has now given way to the De Gaulle Government, and that the latter has been clothed with extraordinary legal powers, is certainly, in itself, no cause for gloom in the Western World.

On the contrary, there is a great deal of enheartening evidence to indicate that Gen. Charles De Gaulle may indeed prove to be exactly the man who is needed at this fateful hour in history to extricate France not only from the morass in Algeria, but to deliver it from its dire economic, social, and yes, psychological straits.

Charles De Gaulle is obviously a patriot to the depths of his being. He is a man of honor. I have faith that he will honor the treaty obligations to which France has subscribed, as was indicated yesterday by Assistant Secretary of State Elbrick.

Meanwhile, General De Gaulle's choice of Cabinet members and other associates has indicated that he is wisely determined to mobilize many of the best talents of a nation which is rich with talent.

General De Gaulle's prompt messages to Tunisia and Morocco, and his visit at this very moment in Algiers, are evidence that here is a man of speed and decision who will not dillydally in meeting head on the challenges which confront his nation.

I am no prophet; I cannot attempt to foresee the future, in particular the future constitutional reforms which he proposes. But certainly De Gaulle's

efforts to repair France's parliamentary weaknesses, its chronic immobilism, its factionalism, and political splinterism, its weak office of chief executive—his efforts along these lines will strike a responsive chord in our hearts.

I do not mean to imply that the road ahead will be easy for De Gaulle, or that the western alliance, particularly NATO, may not be in for many serious problems. But I ask, what alternative do the domestic critics of our foreign policy constructively offer, with regard to France, or NATO, or anything else?

The answer is that the critics have no constructive alternative. They criticize; they lament; they wring their hands; they complain. But never once do they outline a specific and helpful program which would provide an alternative.

CONCLUSION

For that reason, I say, let the mutual security bill pass. Let it pass intact. And let H. R. 12181 be approved in Senate-House Conference Committee in its Senate form, so that we can make our fullest contribution to mankind in this decisive hour of history.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President—

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I may yield for 10 minutes to the Senator from South Carolina [Mr. JOHNSTON] without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

REVISION OF BASIC COMPENSATION SCHEDULES OF CLASSIFICATION ACT OF 1949

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to Senate bill 734, which has just been received from the House of Representatives.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 734) to revise the basic compensation schedules of the Classification Act of 1949, as amended, and for other purposes, which was to strike out all after the enacting clause and insert:

That this act may be cited as the "Federal Employees Salary Increase Act of 1958."

SEC. 2. (a) Section 603 (b) of the Classification Act of 1949, as amended (69 Stat. 172, 70 Stat. 740; 5 U. S. C. 1113 (b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade	Per annum rates						
GS-1	\$2,960	\$3,055	\$3,150	\$3,245	\$3,340	\$3,435	\$3,530
GS-2	3,255	3,350	3,445	3,540	3,635	3,730	3,825
GS-3	3,495	3,590	3,685	3,780	3,875	3,970	4,065
GS-4	3,755	3,850	3,945	4,040	4,135	4,230	4,325
GS-5	4,040	4,190	4,340	4,490	4,640	4,790	4,940
GS-6	4,490	4,640	4,790	4,940	5,090	5,240	5,390
GS-7	4,980	5,130	5,280	5,430	5,580	5,730	5,880
GS-8	5,470	5,620	5,770	5,920	6,070	6,220	6,370
GS-9	5,985	6,135	6,285	6,435	6,585	6,735	6,885
GS-10	6,505	6,655	6,805	6,955	7,105	7,255	7,405
GS-11	7,030	7,270	7,510	7,750	7,990	8,230	-----
GS-12	8,330	8,570	8,810	9,050	9,290	9,530	-----
GS-13	9,890	10,130	10,370	10,610	10,850	11,090	-----
GS-14	11,355	11,595	11,835	12,075	12,315	12,555	-----
GS-15	12,770	13,070	13,370	13,670	13,970	-----	-----
GS-16	14,190	14,430	14,670	14,910	15,150	-----	-----
GS-17	15,375	15,615	15,855	16,095	16,335	-----	-----
GS-18	17,500	-----	-----	-----	-----	-----	-----

(b) The rates of basic compensation of officers and employees to whom this section applies shall be adjusted as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the scheduled or longevity rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding scheduled or longevity rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between 2 scheduled or 2 longevity rates, or between a scheduled and a longevity rate, of a grade in the General Schedule, he shall receive a rate of basic compensation at the higher of the 2 corresponding rates in effect on and after such date.

(3) If the officer or employee (other than an officer or employee subject to paragraph (4) of this subsection), immediately prior to the effective date of this section, is receiving basic compensation at a rate in excess of the maximum longevity rate of his grade, or in excess of the maximum scheduled rate of his grade if there is no longevity rate for his grade, he shall receive basic compensation at a rate equal to the rate which he received immediately prior to such effective date, increased by an amount equal to the amount of the increase made by this section in the maximum longevity rate, or the maximum scheduled rate, as the case may be, of his grade until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but, when his position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such act, as amended.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to paragraph (4) of section 2 (b) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208 (b) of the act of September 1, 1954 (68 Stat. 1111; Public Law 763, 83d Cong.), plus the amount of the increase provided by section 2 of the Federal Employees Salary Increase Act of 1955, he shall receive an aggregate rate of compensation equal to the sum of (A) his existing aggregate rate of compensation determined under such section 208 (b) of the act of September 1, 1954, and (B) the amount of the increase provided by section 2 of the Federal Employees Salary Increase Act of 1955 and (C) the amount of the increase made by this section in the maximum longevity rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of

law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208 (b) of such act of September 1, 1954, to constitute a part of the existing aggregate rate of compensation of such employee.

(5) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, was promoted from one grade under the Classification Act of 1949, as amended, to another such grade at a rate which is above the minimum rate thereof, his rate of basic compensation shall be adjusted retroactively from the effective date of this section to the date on which he was so promoted, on the basis of the rate which he was receiving during the period from such effective date to the date of such promotion and, from the date of such promotion, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule for such officer or employee which was in effect (without regard to this act) at the time of such promotion.

(6) If the officer or employee on the rolls has had his rate of basic compensation established, under authority of section 803 of the Classification Act of 1949, as amended (68 Stat. 1106; 5 U. S. C. 1133), at any time during the period beginning on September 1, 1954, and ending on the date of enactment of this act, his rate of basic compensation shall be adjusted retroactively in accordance with one or more of the following provisions of this paragraph (6), as applicable:

(A) If his rate of basic compensation was established under authority of such section 803 after September 1, 1954, and prior to the effective date of this section such rate shall be adjusted retroactively, for the period of time served by him in a pay status under the Classification Act of 1949 in the position concerned on and after such effective date and prior to the date of enactment of this act, on the basis of the rate for that step of the appropriate grade of the General Schedule contained in this section which corresponds numerically to the step of the grade of the General Schedule which was in effect for such officer or employee, without regard to this act, as a result of such adjustment under such section 803;

(B) If his rate of basic compensation was established under authority of such section 803 on or after the effective date of this section and prior to the date of enactment of this act, such rate shall be adjusted retroactively for the period of time served by him in a pay status under the Classification Act of 1949 in the position concerned on and after such effective date and prior to such date of enactment, as follows:

(i) for the period of time prior to the effective date of the establishment of his rate of basic compensation under such section 803, on the basis of the rate of basic compensation which he was receiving during such period, and

(ii) for the period of time on and after the effective date of the establishment of his rate of basic compensation under such section 803, on the basis of the rate for that step of the appropriate grade of the General Schedule contained in this section which corresponds numerically to the step of the grade of the General Schedule which was in effect for such officer or employee, without regard to this act, as a result of such adjustment under such section 803, and such basic compensation adjusted under subparagraphs (A) and (B) (ii) of this paragraph (6) shall be paid in accordance with such subparagraphs until—

(a) he leaves such position, or

(b) he is entitled to receive basic compensation at a higher rate by reason of the operation of any provision of the Classification Act of 1949, as amended.

(7) If the officer or employee became subject to the Classification Act of 1949, as amended, at any time during the period beginning on September 1, 1954, and ending on the date of enactment of this act, at a rate of basic compensation which was established under authority of section 803 of the Classification Act of 1949, as amended (68 Stat. 1106; 5 U. S. C. 1133), his rate of basic compensation shall be adjusted retroactively, for the period of time served by him in a pay status under the Classification Act of 1949 in the position concerned on and after the effective date of this section and prior to the date of enactment of this act, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule which was in effect for such officer or employee, without regard to this act, as a result of such adjustment under such section 803, and such basic compensation shall be paid in accordance with this paragraph (7) until—

(A) he leaves his position, or

(B) he is entitled to receive basic compensation at a higher rate by reason of the operation of any provision of the Classification Act of 1949, as amended.

(8) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, became subject to the Classification Act of 1949, as amended, at a rate of basic compensation which was fixed on the basis of a higher previously earned rate and which is above the minimum rate of the grade of such officer or employee, his rate of basic compensation shall be adjusted retroactively to the date on which he became subject to such act, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule for such officer or employee which was in effect (without regard to this act) at the time he became subject to the Classification Act of 1949 as in effect immediately prior to the effective date of this section.

(9) Each officer or employee—

(A) (i) who with his position has been transferred under authority of the Classification Act of 1949, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, from the general schedule of the Classification Act of 1949 to a prevailing rate schedule, or (ii) who, at any time during such period, transferred from a position subject to the Classification Act of 1949 to a position subject to a prevailing rate schedule,

(B) who, at all times subsequent to such transfer, was in the service of the United States (including the Armed Forces of the United States) or of the municipal government of the District of Columbia, without break in such service of more than 30

The amendments to the amendment were agreed to.

The PRESIDING OFFICER. The question now is on concurring in the House amendment, as amended.

The House amendment, as amended, was concurred in.

Mr. JOHNSTON of South Carolina. Mr. President, I move to reconsider the vote by which the House amendment, as amended, was concurred in.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to lay on the table the motion of the Senator from South Carolina to reconsider.

The motion to lay on the table was agreed to.

HEARINGS ON RENOMINATION OF EDWARD N. GADSBY AS CHAIRMAN OF SECURITIES AND EXCHANGE COMMISSION

Mr. FULBRIGHT. Mr. President, the Committee on Banking and Currency has had some difficulty in polling the members of the committee on the question of the reappointment of Mr. Edward N. Gadsby as Chairman of the Securities and Exchange Commission.

Under the rule, the nomination is required to lie over 1 day. But I have conferred with the majority leader, and the first thing tomorrow the nomination will be taken up. I am confident that it will be acted upon favorably. In any event, if any Senator wishes to express his views about Mr. Gadsby, he will be heard. I simply give notice now that the nomination will be taken up the first thing tomorrow.

PERSONAL STATEMENT BY SENATOR GORE

Mr. GORE. Mr. President, our two-party system has served the Nation well. It is through the workings of the two-party system that the people have a meaningful choice as to broad policies and direction of government.

If in our country, now grown so large and great, most people merely voted for the man, or chose between a myriad of fly-by-night, irresponsible political parties, the people would have but little meaningful choice except between nostrums and personalities. In that connection, we have but to consider the sad plight of our friend and ally, France, to realize the unfortunate predicament into which such could lead.

I hold it fortuitous, then, that we have two strong, vigorous political parties which biennially offer national programs and candidates to the public. This is not to praise unreasoning partisan rigidity in either the exercise of the franchise or in official action. Such would rob our system of the necessary flexibility and facility for change, and would promote extremism in governmental operation.

During the course of my political career, I have enjoyed the friendship of many members of the Republican Party. Indeed, the people of several Tennessee

communities which normally are Republican in political leanings have repeatedly voted for me, and this I appreciate. I, in turn, have undertaken to represent the whole people.

Upon occasion I have strongly supported legislative proposals submitted by President Eisenhower, such as the Cordell Hull reciprocal trade program.

On the other hand, I have opposed with equal vigor unsound programs, such as the Dixon-Yates contract. By and large, I have tried to measure issues on merit, supporting on principle and opposing on principle.

Even so, I have recognized the benefits of our two-party system; and consequently I have in the main undertaken to work within the Democratic Party. Especially, and specifically, I have refrained from undertaking to intrude into matters that are particularly the prerogatives of the members of the Republican Party. I believe this can be said of all other Democratic Senators and in reverse of all Senators who are members of the Republican Party. This is part of the workings of our two-party system, and I endorse it.

Mr. President, it seems to me a little strange, then, that certain Republican leaders, both from within and from without Tennessee, together with a few special interests with which they are allied, are undertaking to intervene in a Democratic Party primary election in Tennessee. I refer particularly to Mr. Guy Smith, of Knoxville, Tenn., chairman of the Tennessee Republican Executive Committee, and to Mr. Meade Alcorn, chairman of the National Republican Executive Committee, who has invaded Tennessee for personal attacks upon me, and who has sent agents there to serve a similar purpose.

Their fury at me seems to have stemmed from the fact that I said frankly, early this year, that our country was in a recession, and proposed an acceleration of highway improvement and other permanent public works as a means of stimulating our economy and relieving the distress of unemployment.

Mr. President, the partisan voices which now seek to interfere with what should be a matter for Tennesseans, and primarily for the Democrats of Tennessee, immediately denounced me as a prophet of gloom and doom, and in other uncomplimentary and untrue terms.

The fact that the whole country and President Eisenhower later recognized and acknowledged the recessionary condition of our economy seems not to have dulled in any respect those personal attacks upon me.

Mr. President, I shall not be deterred in the least, by those or other tactics, from speaking the truth as I see it, nor will the people of Tennessee be misled by such tactics.

UNKNOWN SOLDIER OF WORLD WAR I

Mr. MARTIN of Pennsylvania. Mr. President, one of the most famous news stories in the history of American journalism was written by Mr. Kirke L. Simp-

son on the burial of the Unknown Soldier of World War I.

Mr. Simpson was then a member of the Washington staff of the Associated Press, and for his famous story he was awarded the Pulitzer Prize, the highest honor that can come to a reporter.

I have already placed in the RECORD the program of the 1921 ceremonies and the 1958 ceremonies. I feel that Mr. Simpson's article will be of great interest, not only to the Members of the Senate but to the general public, and therefore I ask unanimous consent that a major portion of the story be inserted at this point in the RECORD as a part of my remarks.

There being no objection, the news story was ordered to be printed in the RECORD, as follows:

A STORY RETOLD: UNKNOWN SOLDIER RESTS AT LAST

WASHINGTON, November 11, 1921.—Under the wide and starry skies of his own homeland, America's unknown dead from France sleeps tonight, a soldier home from the wars. Alone, he lies in the narrow cell of stone that guards his body; but his soul has entered into the spirit that is America. Wherever liberty is held close in men's hearts, the honor and the glory and the pledge of high endeavor poured out over this nameless one of fame will be told and sung by Americans for all time.

Scrolled across the marble arch of the memorial raised to American soldier and sailor dead, everywhere, which stands like a monument behind his tomb, runs this legend: "We here highly resolve that these dead shall not have died in vain."

The words were spoken by the martyred Lincoln over the dead at Gettysburg. And today with voice strong with determination and ringing with deep emotion, another President echoed that high resolve over the coffin of the soldier who died for the flag in France.

Great men in the world's affairs heard that high purpose reiterated by the man who stands at the head of the American people. Tomorrow they will gather in the city that stands almost in the shadow of the new American shrine of liberty dedicated today. They will talk of peace; and of the curbing of the havoc of war.

They will speak of the war in France, that robbed this soldier of life and name and brought death to comrades of all nations by the hundreds of thousands. And in their ears when they meet must ring President Harding's declaration today beside that flag-wrapped, honor-laden bier:

"There must be, there shall be, the commanding voice of a conscious civilization against armed warfare."

All day long the Nation poured out its heart in pride and glory for the nameless American. Before the first crash of the minute guns roared its knell for the dead from the shadow of the Washington Monument, the people who claim him as their own were trooping out to do him honor. They lined the long road from the Capitol to the hillside where he sleeps tonight; they flowed like a tide over the slopes about his burial place. They choked the bridges that lead across the river to the fields of the brave, in which he is the last comer.

Soldiers, sailors, and marines—all played their part in the thrilling spectacle as the cortege rolled along. And just behind the casket, with its faded French flowers on the draped flag, walked the President, the chosen leader of a hundred million, in whose name he was chief mourner at his bier. Beside him strode the man under whom the fallen hero had lived and died in France, General Pershing, wearing only the single medal of

victory that every American soldier might wear as his only decoration.

Behind came the carriage in which rode Woodrow Wilson, also stricken down by infirmities as he served in the highest place of the Nation, just as the humble private riding in such state ahead had gone down before a shell or bullet. For that dead man's sake, the former President had put aside his dread of seeming to parade his physical weakness and risked health, perhaps life, to appear among the mourners for the fallen.

After President Harding and most of the high dignitaries of the Government had turned aside at the White House, the procession, headed by its solid blocks of soldiery and the battalions of sailor comrades, moved on with Pershing, now flanked by Secretaries Weeks and Denby, for the long road to the tomb.

Ahead, the white marble of the amphitheater gleamed through the trees. People in thousands were moving about the great circle. Down below the platform placed for the casket, in a stone vault, lay wreaths and garlands. Above the platform gathered men whose names ring through history—Briand, Foch, Beatty, Balfour, Jacques, Diaz, and others—in a brilliant array of place and power. They were followed by notables from all countries gathered here for tomorrow's conference, and by some of the older figures in American life too old to walk beside the approaching funeral train.

At the arch, where the choir waited the heroic dead, comrades lifted his casket down and, followed by the generals and the admirals, who had walked beside him from the Capitol, he was carried to the place of honor. Ahead moved the white robed singers, chanting solemnly. Carefully the casket was placed above the banked flowers and the Marine Band played sacred melodies until the moment the President and Mrs. Harding stepped to their places beside the casket.

Mr. Harding showed strong emotion as his lips formed the last words of the address. He paused, then with raised hand and head bowed, went on in the measured, rolling periods of the Lord's Prayer. The response that came back to him from the thousands he faced, from the other thousands out over the slopes beyond, arose like a chant. The marble arches hummed with the solemn sound.

Then the foreign officers who stand highest among the soldiers or sailors of their flags came one by one to the tier to place gold and jeweled emblems for the brave above the breast of the sleeper. Already, as the great prayer ended, the President had set the American seal of admiration for the valiant, the Nation's love for brave deeds and the courage that defies death, upon the casket. Side by side he laid the Medal of Honor and the Distinguished Service Cross.

The casket, with its weight of honors, was lowered into the crypt. A rocking blast of gunfire rang from the woods. The glittering circle of bayonets stiffened to a salute to the dead. Again the guns shouted their message of honor and farewell. Again they boomed out: A loyal comrade was being laid to his last, long rest.

High and clear and true in the echoes of the guns, a bugle lifted the old, old notes of taps, the lullaby for the living soldier, in death his requiem. Long ago some forgotten soldier poet caught its meaning clear and set it down that soldiers everywhere might know its message as they sing to rest:

"Fades the light;
And afar
Goeth day, cometh night,
And a star
Leadeth all, speedeth all,
To their rest."

The guns roared out again in the national salute. He was home, the unknown, to sleep forever among his own.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, I shall not make a lengthy statement on the Mutual Security bill. My views on this matter are well known. I have consistently supported policies looking to the economic advance of free nations throughout the world. I have also supported, perhaps with less enthusiasm, those involving military aid to other nations.

My endorsement of these measures, Mr. President, is not a perfunctory one. I have listened intently for years to the justifications of these programs as they have been made by the executive branch under two administrations before the Committee on Foreign Relations. I have been persuaded that these aid programs are essential in terms of the defense of the Nation, in terms of the contribution which they make to the strengthening of freedom throughout the world, in terms of the requirements of common decency of those who are fortunate, to help others in distress, and in terms of the long-range benefits which they might bring to this country in greater international trade and other economic benefits.

These justifications have always seemed to me to be more than ample to validate the aid program. The justifications promised a contribution to the national interest of dimensions far greater than the cost of the aid programs. They represented the program as a form of enlightened self-interest, of broad national interest, which I, for one, was most anxious to advance.

This year, however, a new model of justification has emerged for the mutual security program, like the new models of automobiles. And like the latter, I do not find the new justification very persuasive. To be sure, the defense, the broad-range economic advantages, and the humanitarian appeals are retained as selling points. But new tail fins have been added, and double headlights.

The program this year is being justified by what it contributes to keeping the American economy going. It is being justified as an anti-recession measure. We are presented with detailed analyses of how much good aid given abroad does for the airplane industry, the farmer, the farm equipment manufacturer, the shipping industry, the electronics industry, and what not. Discreetly omitted is how much good it does for the armaments industry.

I can assure Senators, Mr. President, that I have a great concern for the condition of the American economy. It is not, as the Senate well knows, in very good condition at this moment. To suggest, however, that the way to maintain the economy in a tolerable condition is by continuing an aid program abroad is to drain this program of its meaning.

I recall that Marxist propaganda against this program has frequently reverted to the theme that American aid is a device to alleviate economic crisis within the United States by conjuring up

crises abroad. Those who have seen fit to justify the aid program this year in terms of its salutary impact on the American economy are underscoring this propaganda. They are leaving the impression—and I have no doubt that the Soviet Union will make the most of it in the months ahead—that we are pouring our wealth abroad because we do not know what to do with it at home. And to that end we are keeping the world in a state of crisis.

Let me say that there are many things which could be done at home with these billions we are using in the foreign-aid program. There are other ways—far more effective ways—to deal with an economic recession within the United States, and I hope that this administration will soon begin to follow them. If we are going to continue the aid program as I assume and hope that we are, however, let us not, ourselves, so narrow its concept as to make the Nation the legitimate butt of Soviet propaganda and an object of derision throughout the world. Let us drop this nonsense that we must continue the program because it keeps a factory going or dumps some wheat or corn abroad. Who pays for the products of the factory or the wheat or corn, if it is not the people of the Nation, through their taxes to support the program?

Let us continue the program, not for an imaginary advantage which is no advantage at all. Let us continue it because military aid, as it is necessary, is a legitimate interest of the Nation; because economic and technical progress throughout the world is an essential of the survival of freedom; and because assistance to a people elsewhere in acute distress is a human responsibility on any Nation more favorably situated. In short, Mr. President, let us support this program as an expression of bold leadership for peace and not as a fearful, inward-looking enterprise gutted of all of its enlightened significance. As an expression of positive leadership for peace aid programs make sense. Otherwise they do not.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from New Jersey.

Mr. SMITH of New Jersey. I congratulate the Senator for the statement he has made. I did not hear all the Senator's address, but I rejoice especially in his pointing out what is the real significance of the program. We are not operating the program to try to give people in this country jobs, even though our people may benefit from the program. We have the program, as I think the Senator will agree, for the security of the United States of America. Is that a true statement?

Mr. FULBRIGHT. I appreciate the significance of the Senator's remarks.

The Senator from New Jersey made a very thorough, extremely competent, and interesting speech on the program the other day. I felt it was not necessary at all to attempt to reiterate all the many points which the Senator from New Jersey made. I merely sought in my very brief statement to pick out one

of the aspects of the matter which has not pleased me at all. I notice that because of the recession there is a tendency to say the program will assist in alleviating the recession. That is stated to be one of the major purposes and motives. I deny it is my motive, and I do not think it is a proper purpose. I think the program is entirely justifiable for many other reasons.

I can think of many, many places where we could use the money and the resources for improvements at home if we were not compelled to use the money for this program, which is essential in the national interest and to the security of our country.

Mr. SMITH of New Jersey. I thank the Senator from Arkansas very much for his clear exposition of his views. I find myself in accord with him. It is always a pleasure for me to work with the Senator from Arkansas for the safety and security of the United States.

Mr. FULBRIGHT. I know the Senator from New Jersey has for many years given very fine leadership in the development and passage of legislation in this field. I know the Senator did so again this year. I am confident the Congress is going to accept the program. I want to keep the record straight as to why we are accepting the program—or at least try to keep the record straight.

Mr. SMITH of New Jersey. I thank the Senator.

Mr. FULBRIGHT. Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President—

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, as I address myself to the pending bill, I should like to go back for a moment to the ceremony which took place last week here in the Nation's Capital, and particularly in the Rotunda of the Capitol Building.

There came back home the bodies of two unknown soldiers, one symbolic of those who fell in Korea, and the other symbolic of those who fell in World War II. They came by warship up the Potomac, with a very precise ceremonial. Their bodies lay in state in the Nation's Capitol. Wreaths were reverently placed on the caskets.

The Supreme Court Justices returned to the home of the Court. Members of the Senate filed back to the Senate Chamber. Members of the House of Representatives returned to their Hall. Those from the executive branch returned to their various agencies. Then began the long procession of those who wanted to pay homage to the two unknown heroes who, in the language of the day, are known only to God.

I went back to the Rotunda, after we returned to the Chamber. Among other things I saw the great predominance of the youth of our country, passing by the catafalques to pay their meed of tribute and devotion to those who, in an earlier generation, had fought for the Republic.

I began to wonder a little about those youngsters. I had not been out of high school very long two generations ago when I donned the uniform of my coun-

try and went abroad to fight in World War I.

As I saw those young men of America I wondered whether one of them might become the fourth Unknown Soldier. I wondered whether, at some future time—God forbid that it should become necessary—a fourth comrade would join the Unknown Soldiers of World War I, World War II, and the Korean conflict, and whether one of the youngsters passing by the flag-draped caskets might become an Unknown Soldier some years hence.

As I thought of it, I wondered what could be done in order to prevent that kind of result. I wondered what policies we should pursue, and what we might do in the hope that another conflict could be avoided, and that peace as an abiding thing for all time to come might at long last become a reality in a rather fevered world.

I know, of course, that peace is the ultimate hope. I know that it requires reconstructed hearts to fashion a reconstructed society. That will require a long time, because the chastening process of civilization is still needed. Consider how long it has taken to eradicate even a little of the vestigial animal which was so long in mankind.

So peace is an ultimate hope. No one can quite say that it is a present hope, as he lifts his eyes and beholds all the contagion, all the infection, all the fear, all the death, and all the disaster in the world.

He may start at one end with the unhappiness of Poland and the small Baltic countries, Lithuania, Estonia, and Latvia, which are under an imperious heel. Consider Hungary, where people dedicated to the cause of freedom went so far as to use stones, sticks, clubs, and even bare fists, in order to meet the onslaught of modern military weapons.

Consider a country like Germany, whose people are separated at present, but are filled with a desire for reunion. They will be unhappy until the day of reunion arrives. Let no one be mistaken on that point.

Consider what is happening in the Middle East, in a freedom-loving country such as Lebanon, where some of our own institutions and facilities were destroyed.

Consider Egypt, under the direction of Nasser, and all the ferment which exists in the Middle East at the present time.

We need only to consider the experiences of our own Vice President in Latin America. When we turn to Indonesia, we see that conflict rages there. We see a small country like Vietnam, separated by the 18th parallel. The southern part of it is under a very capable head of state, who is trying to effect the reunion of that small country in the interest of its prosperity and freedom.

I think of Korea, whose people are separated by the 38th parallel. I think of the money authorized by the pending bill for Korea, for Taiwan, better known as Formosa, and for Vietnam, key centers in the Orient, where we hope somehow to stem the tide and prevent that vast area of Southeast Asia from being

engulfed by Red fascism, which we commonly refer to as communism.

So who can behold this contagion, who can consider this fever, who can contemplate this infection without at least feeling that this measure is the ultimate hope, and that something must be done in our time and in our generation to advance the cause of peace and to do it realistically?

I hear from time to time the statement—and sometimes it is made on the floor of the Senate—"The more we do for other people, the less they like us." I have never felt that there can be any real national affection between one country and another. I do not believe there is such a thing as a national love of one country for another. There will be individuals in one country, no doubt, who will be sympathetic and who will be well disposed to our purposes and our objectives; but we can hardly say that that is a national affection.

I believe the best we can hope for in behalf of our policies is respect. It may be respect coupled with envy—envy for our institutions, envy for the standards we have generated in this country. It will be a cold respect. It will be a naked respect. However, it is the respect of the weak for the strong, and the weak will gravitate toward the strong.

They may hate us, but they will respect us. The greatest function our Republic can perform in a fevered world is to maintain its strength, and, through strength, to develop a leadership, as we march in the direction of an ultimate peace, and meanwhile preserve the security and assure the survival of this country and its leadership.

What are the components of strength? First of all, there is the home front strength. There is the solid industrial strength. Industrial strength on the home front is absolutely indispensable to the strength and the security of the Republic.

There is a type of striking strength that must be developed, so that we need not marshal all the resources of the country in order to deal with brushfires which could conceivably burst into a wide conflagration. That would add materially to our strength. Among other things, there must be a confidence in leadership, for out of it and out of the unity it develops there comes a national strength. We must have a military force in every field, properly armed with the best weapons we can supply. Obviously it is going to cost money.

I wonder sometimes about our space researches, and how much or how little will come from them. However, we must undertake them in order to maintain the prestige of the country, and in the hope that, in probing the unknown, suddenly we will have something which will constitute a great weapon—not necessarily a destroying weapon—which will advance the security and leadership of this Nation.

Among the components of strength there is the strength of association. I know, of course, that there are those—and at one time I may have been among them—who have said that we must be strong enough to be able to hold our own

anywhere in the world at any time against any single country or association of countries, without relying upon the strength or the affiliation of any other country.

Mr. President, I try to remain mindful of the fact that there is a 20,000-mile perimeter which the forces of freedom are trying to defend. One can visualize it by moving across the 38th parallel in Korea, the 18th parallel in Vietnam, the whole Pacific with its islands, the Western Hemisphere, and the NATO line, from where it begins in northern Europe and as it runs down through Turkey to the countries which are a part of the Baghdad Pact. It is a tremendous periphery of freedom that must be defended.

How can we defend it? We can do it with our resources and our forces, with some aid from the countries with which we are associated in the effort to preserve freedom where it still exists, and to extend it where it is being extinguished, but still burns in human hearts, until the lights come on once more.

I believe that is involved in the pending bill.

One of the components of our national strength, one of the components of our survival, one of the components of our security is in this bill. If I did not have a conviction on that subject, I would not vote for the bill. I doubt whether I would have supported it in other years. I voted against the Marshall plan when it was first inaugurated, largely because I saw in it a good deal of waste and extravagance. It was essentially an economic program, without military components. I am not sure that I would not do so again under similar circumstances.

However, Mr. President, the emphasis here has changed. Most of the emphasis is on the military aspects of the program. I know that that is not satisfactory to people in some quarters. Their feeling is such that they believe the emphasis ought to be wholly on the economic side of the program.

Mr. President, there are no vacuums in this world. An inimical force moves into any vacuum that is created. Therefore we are confronted with a rather interesting equation if we are going to maintain this perimeter: Shall we send American youngsters—like those who paraded by the Unknown Soldiers last week—from their homes and firesides, at a cost of \$3,600 a year each, when we can get youngsters from Turkey to hold a segment of freedom's line at a cost of approximately \$120 a year each? Shall we send an American youngster into the Pacific, when we can get young Nationalist Chinese to hold the line at a cost of \$109 a year for each one, instead of our youngsters at a cost of \$3,600 a year apiece? Shall we send young men, like those who moved by the bier of the Unknown Soldiers last week, to Korea, when we can get a redoubtable ROK soldier in South Korea at a cost of roughly \$120 a year, instead of \$3,600 a year, which it would cost to send one of our youngsters?

I am pretty sure on what side of the equation any thoughtful person is going to be. That is what is involved here.

It does presuppose this question: If a young Korean will stand on that line, are we willing to spend money to give him a gun? If a young Turk is willing to stand on the line, are we willing to spend some money to furnish him a gun? If a young Chinese is going to stand on the line, will we be willing to appropriate money to provide him a gun? It seems to me that to do so is in the best interest of American youth and in the best interest of peace and in the best interest of the ultimate hope that is so close to the heart of all mankind. So I believe that is the thing that finally commends this bill to the thinking people.

I doubt whether the whole story has been adequately told to the people. I know, from the temper of the mail which reaches my desk, some people have all manner of rather infelicitous terms for the bill. They go further than to call it a foreign giveaway program. I am sure many of them do not appreciate the fact that we do not give away money as such under this program. Most of the economic portions of the program are delivered in terms of commodities, and they are fabricated in American mines, mills, and plants, and then sent abroad. The military materiel and equipment which are made available to the soldiers of other countries, to help us man the perimeter, are fabricated in our own arsenals, plants, and factories. So we have the benefit of the expenditures here and also the benefit of the employment which is provided.

Mr. President, this program is in the interest of an ultimate peace, of the preservation of freedom's line, of our security, and of our survival.

As I have noted the criticisms of the program which have come to my desk from time to time, I have sent such criticisms to the International Cooperation Administration with a request for the whole story concerning the criticisms which have been made. I have said, "I want to know whether there is any truth in some of these rather sharp and unhappy allegations which are made." I have here, for instance, a reprint of an article entitled "Foreign Spree for Our Superspenders," written by Eugene Castle, and published in American Mercury magazine for May 1958. I know Mr. Castle. He has appeared before the Committee on Foreign Relations and also before the Committee on Appropriations. I heard him give his testimony recently concerning the United States Information program. I apprehend that when the bill making appropriations to implement the authorization bill for mutual security goes to the Committee on Appropriations, and the hearings begin, Mr. Castle will come to testify.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article written by Mr. Castle.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOREIGN SPREE FOR OUR SUPERSPENDERS

(By Eugene W. Castle)

Once again, from Washington, come the familiar pleas for more money to spend, tied to whatever current excuse will serve to

frighten the American people into substituting spending for orderly progress and common sense. Ignored is the fact that a strong economy is still the most powerful weapon for our survival. Yet inflation, always the end product of reckless spending, could fulfill the prediction of Lenin in 1920 that America would be conquered—because we eventually would spend ourselves into bankruptcy.

Tragically, the White House, the State Department, and the majority of the Members of the United States Senate seem bent upon carrying out this dire prophecy. Constantly we are reminded that the American people must make sacrifices, but what will the sacrifices gain for us?

In 1952 General Eisenhower said: "The United States cannot be an Atlas; it cannot, by its financial sacrifice, carry all the other nations of the world on its shoulders and we should stop giveaway programs." Yet on January 21, 1957, President Eisenhower told this Nation and the world: "We accept our deepest involvement in the destiny of men everywhere * * * high will be the cost."

We do not have the resources permanently to support all men everywhere. The real meaning of the NATO meeting in Paris last December was that our allies told us that they had little faith in our ideas and were even reluctant to agree to accept more of our global bribery. Instead, they urged us to go to Moscow and make a "talk" deal with the Kremlin. Yet, we are again being urged to perpetuate these same ill-conceived and badly executed schemes and policies that weaken our economy and dissipate our resources under the false assumption that we can buy allies with bales of money—and convert them with torrents of worthless propaganda.

Since the Soviets respect only strength, none will disagree that there must be concentration on our missile program and other means of maintaining military power. This does not mean, however, that those who spend our money should be allowed to use any excuse to waste our Nation's resources on other projects. Both prudence and self-interest dictate that, if we are to survive against the slave states, we must find ways and means to get the maximum value for every dollar expended.

One thing is certain. The solution to our problems is not to be found in circling the globe with more foreign-aid dollars. Foreign aid is now the second-largest operating item in our Federal budget. By July 1, 1958, our foreign-aid ventures will approximate the astronomical total of \$70 billion.

So anxious are they to keep the giving in high gear that our highest officials continually fly around the world seeking new ways and means of maintaining and enlarging this global giving.

Basically our foreign-aid program was conceived as the unselfish action of a successful nation to rescue the devastated countries of Europe from the ravages of war. That objective, originally estimated to cost not more than \$17 billion and to be completed within 4 years, was accomplished. Those who conceived it did not intend that it should continue for 13 years and \$70 billion.

Few will dispute that a limited amount of foreign aid honestly and carefully dispensed to such friends as Turkey, Greece, Formosa, and Korea is justifiable; but the idea of continuing to try to buy the friendship of nations is completely unsound.

Presently, our foreign-aid billion are paid mostly to the governments or public authorities of the receiving countries. Very large sums of our aid moneys allocated freely to underdeveloped countries all too often find their way into the pockets of the ruling politicians and their supporters. Some countries use our aid dollars to pay for luxury imports. Others spend our money for a multitude of unwanted, unneeded, and wholly unsuitable public-works projects.

Let us recall a few of these projects: Our foreign aiders financed an extensive survey to ascertain the sexual habits of Nehru's Indians.

In Formosa, we are giving \$48 million annually to pay for pensions for overaged Chinese soldiers.

In Pakistan, we handed over \$1 million to bolster that country's fishing industry.

Our wheat giveaway has ruined Canadian farmers. Once our best customer, the Dominion Government now is looking elsewhere to spend its dollars.

In Vietnam, 200 American engineers are enjoying home comforts to the envy of the restless natives, while building a military highway of highly questionable value.

In Lebanon, our foreign aid dollars are used to plant wild grass shoots along public highways.

In Iran, the Shah tells us to come across with more millions to support his army or he will seek the cash from Moscow. Perhaps the Shah of Iran would have respect—instead of contempt—for us if we told him and his fellow fencesitters to go to (Moscow).

In Afghanistan, we continue to pay for expensive airfields in a country where most travel is still done on the backs of camels.

In the Philippines, we have provided costly electronic microscopes and technical equipment in regions where no power is available for their use.

In Laos, population 1,300,000, the government uses our foreign aid millions to buy luxury goods and to protect the internal political graft of that country.

In Thailand, we began the building of a highway to cost \$6.5 million. This highway has already cost us \$18 million for half of the originally planned stretch, and this is a country with fewer than 9,000 automobiles.

We have provided dress suits for Grecian undertakers, public baths for Egyptian camel drivers and free airplane rides for thousands of Arabs to visit their religious shrine in Mecca.

In the name of foreign aid we are spending \$5 million annually to send warblers of arias to Western Europe, weight lifters to the Near East, and high-priced jazz bands to the Far East.

Here are further examples as revealed by American reporter Fred Sparks, who in late 1957 circled the world to bring home the facts. After urging that the White House dispatch a mission of businessmen fully familiar with particular foreign regions, accompanied by retired generals who know when an army commander is featherbedding, Mr. Sparks wrote: "If I belonged to such a mission I would take it to the Ueno PX in Tokyo where bargain-priced merchandise, brought over for our troops at high taxpayer cost, is peddled illegally. I would take it to our economic-aid mission on Dewey Boulevard in Manila where, recently, directors told me the Philippines could live and prosper without one free American dollar if integrity dominated. To another where we run a knitting school. To another where we underwrite modern art exhibits. To a third where we finance an elaborate survey of flower reproduction. I would take it to Pusan and Inchon in Korea where millions in aid shipments are stolen off the docks through careless or corrupt police practices. I would take it to Algeria's grim battlefields where planes and tanks earmarked for anti-Communist use only are crushing a strictly local rebellion."

Reporter Sparks cited many more examples of squander, waste, and corruption. He wrote that if instead of a mission of administration followers—tripping from red carpet to red carpet and seeing only what they are supposed to see—a real factfinding group was sent, it would come up with practical ways for cutting military aid 25 percent and economic aid 50 percent "with-

out pulling back a single soldier on guard against Soviet adventures."

Those who continually clamor for ever-increasing spending for foreign aid solemnly repeat that we cannot support our Armed Forces as cheaply as we can subsidize the armies of other countries. They never say that some of our friends and so-called neutralists might, in self-interest, support their own military establishments if they were made to realize that Uncle Sam would no longer pick up the check.

Joseph Campbell, Comptroller General of the United States, is one of the few high officials of our Government who reports directly to the Congress and not to the President. While making a routine check of the Defense Department's assets, Mr. Campbell discovered an item of \$363 million that should not have been there at all. It was part of the 1954 military-aid appropriation which had never been used and had never been reappropriated. By rights, it should have reverted to the Treasury, and so Comptroller Campbell vigorously advised the Congress. More recently, he has made some additional discoveries concerning the disbursement of our military aid. His report underscored that United States military-aid objectives in many allied countries were unrealities and financially unsound. It further stated that this country sent to some allies more weapons than they could use and failed to recapture the weapons for reallocation to allies suffering a shortage.

The Comptroller General also stated that the Army and Air Force had failed to provide adequate accounting and reporting on the supply and delivery of military aid and it recommended that our military-aid program must be put on an austere basis within the demonstrated capability and willingness of the recipients. The report summarized the General Accounting Office's findings in nine countries: France, Germany, Italy, Japan, Korea, Pakistan, Spain, Taiwan (Formosa), and Turkey.

On January 16, 1958, the House Committee on Government Operations in an official report asked, "How much of the \$24 billion appropriated by the Congress for the military-aid program has been wasted?"

It was revealed that neither the committee nor the General Accounting Office were allowed access by the State and Defense Departments to important information.

The committee reported that military assistance is often granted for political rather than strictly military reasons, i. e., large sums are wasted in order to feed the vanity of some foreign politicians and keep them happy rather than to strengthen the recipient nations.

Planes, it was cited, are delivered without anyone to fly them, motor vehicles without gasoline to run them.

The United States was charged for rental of \$112 million worth of machine tools we had given to Great Britain.

The committee learned that a given country may receive arms funds even though it may not be able to furnish a single soldier or jet pilot should war come.

To sum up, the committee said, "Millions of dollars have been needlessly expended in excess costs, loose contract administration and overall laxness in protecting the interests of the United States against charges for foreign taxes and profits in offshore contracts."

And all this, we are told by the President and Secretary of State, is vital to our security and very existence.

For the past several years, Secretary of State John Foster Dulles repeatedly has assured us that the Soviet economy was becoming worse by the hour and that it was on the verge of a crackup. Now, Mr. Dulles does a sudden and complete about face. He solemnly warns congressional committees and issues lengthy press releases to the

American people to inform us that the now-affluent Soviet bloc is tripping over itself in outgiving us in economic handouts and that if we do not immediately enter a marathon to match this alleged and recently discovered Red generosity we are most certainly destined toward ruin.

As a part of Washington's stepped up campaign to terrify the American public into supporting bigger foreign giveaways than ever, the State Department recently announced that during 1956 and 1957 the Soviet bloc agreed to supply \$1.9 billion of military and economic assistance to 10 underdeveloped countries while during the same period the United States allocated only \$900 million to these countries.

This sudden announcement, made just before Congress reconvened, is wholly misleading.

The facts are that out of the total of \$1.9 billion which the State Department gave as an estimate, the Soviet bloc promised \$1,335 billion and earmarked—but did not deliver—this sum for four countries, Egypt, Yugoslavia, Syria, and Indonesia. All of these countries can be classed as frigidly unfriendly to us and what we stand for. Only 10 to 15 percent of the promised Soviet money—that is between \$130 and \$170 million, has been actually spent in these countries. During the same years of 1956 and 1957, the United States provided nonmilitary aid to the Middle East and Asia amounting to more than \$2 million, or more than 10 times the Soviet payoff. In addition, very large quantities of military aid, logistic supplies and free food were ladled out by our global givers during this 2-year period.

If, as we are now told, the Soviets can accomplish so much by giving so little away, then why have we accomplished so little while giving so much? Actually, we are far outspending the Soviet bloc on both economic and military aid. Our real concern lies in getting much better value for what we are now giving away rather than making additional and unwarranted billions available to our self-perpetuating planners.

At one time only nations that appeared to be friendly were eligible for our foreign aid. Neutralists were to get nothing. But our Washington bureaucrats could not muster up enough friendly nations so the rules were mysteriously changed to enable neutralists—and even Communists—to receive the billions wrung from the American taxpayers.

Shortly after President Eisenhower entertained Prime Minister Nehru of India at Gettysburg in December 1956, a dispatch from New Delhi to the New York Times confirmed the fact that the President had pressed an offer of new economic aid on Nehru before he had even asked for it. It was reported that: "The President raised the problem of India's economic future. He said that India's second 5-year plan was a good plan and he wanted to boost it. The President took the initiative on this at the suggestion of State Department experts who knew Mr. Nehru would be reluctant to raise it himself."

Some months later Nehru's bashfulness disappeared. It was announced that the new 5-year plan would require \$1,500,000,000 almost at once and that the United States was expected to give it a boost by handing over about \$600 million to prevent the plan from collapse before it could be started. This explains why the White House was so disturbed when, last July, the Congress reduced its demand for \$2 billion over a 3-year period for economic development projects in backward nations. Congress, it should be recalled, reduced this from a 3- to a 2-year appropriation. It allows \$300 million for the first year, instead of the half-billion dollars originally requested. It reduced the expenditure for the second year to \$625 million and eliminated the blank check for the third year entirely.

It has just been revealed that the International Cooperation Administration finds itself in the embarrassing position of not yet having spent the \$300 million included in this year's budget—now the ICA is doing hand springs to get rid of these hundreds of millions before double this amount is made available for the new fiscal year. Secretary Dulles went to Baghdad to get rid of some of this money quickly and ICA Director Smith has been flying around the Near East trying to do the same before the June 30 fiscal deadline.

Under Secretary of State Douglas Dillon, now the coordinator of foreign aid, has, for many months, been actively seeking to obtain a substantial increase in the blank check allocation. Dillon, with the backing of both the President and the Secretary of State, has called for the immediate availability of the \$625 million which Congress specified in the Mutual Security Act of 1957 could not be spent before the fiscal year beginning July 1958. The spending of these hundreds of millions far ahead of schedule would, of course, facilitate the fulfillment of the promise made to Nehru, and, at the same time, would avoid a bitter and prolonged debate in Congress. But it would also nullify the intent of Congress.

The President, and those who advise and speak for him, appear unaware of the conclusions reached by industrial adviser to the International Cooperation Administration in India who said:

"Our extreme vulnerability here (India) seems to me to be in the fact that what we are trying to do is unknown to 80 or 85 percent of the population and only known to at the most 15 percent of the population, the political leaders and educated people who manipulate or suppress this knowledge to suit their political motives of the moment. * * * Two facts may be accepted without question: India is determined to socialize or nationalize all industry as soon as possible, and there exist more offers of aid from sources other than the United States than India can possibly assimilate or accept. Now, why do we use the American taxpayers' money to accelerate nationalization of industry in India? The time has passed when they can be converted to private enterprise and all we are buying is a minority interest or liability in a national policy that is ultimately headed for either economic chaos or communism."

In the case of Yugoslavia and Poland, our aid dollars are not even buying a minority interest in a liability. They are actually reducing the liabilities of those who unqualifiedly support the men in the Kremlin and whose avowed purpose was and is to destroy us. Red Dictator Tito and Moscow's Polish puppet, Gomulka, both openly boast that they are and will continue to be bedfellows of the men in the Kremlin. Yet, despite the pronouncements and actions of these two avowed Communists, new excuses are being found to pressure both the Congress and the American people into sending more hundreds of millions after the vast sums already wasted.

Nehru, Tito, and Gomulka are but three examples of how the American taxpayers could and should be saved hundreds of millions of wasted dollars, and these savings should be made now.

Four years ago there were 9,793 persons on the Government's foreign aid payrolls. Today there are 18,819 employed in our ICA, State, and Defense Departments, to give our resources away. Yet Congress reduced the billions for foreign aid spending from \$6 billion in 1953 to \$3.5 billions for the current fiscal year. With fewer billions to spend, why do we need twice the number of people to spend them?

If the ICA were to cut down on its field programs, reduce the number of bodies serving it in Washington and throughout the

world, two things would happen: The rank and scale of pay of the great mass of officials would be dropped one or more grades, and the still greater mob of jobholders would be substantially reduced. Obviously this will never be done voluntarily by thousands of people who have become careerists and paymasters in the disposal of \$5 billion annually and who, as a group, never had it so good. Our Chief Executive and those who plead for him insist upon perpetuating and not reducing this wasteful and topheavy bureaucracy.

Perhaps too many of us are under the erroneous impression that the Government's perpetual spending for foreign aid is very far away in terms of our own personal economy. But in reality, this is not so. Foreign aid is much closer to our everyday life than most of us realize. Year after year, since the end of the war, our foreign aid expenditures represented our deficit financing. Now there are the added dangers of the national debt already revised and the return to a deficit economy. To continue the annual spending of more than \$5 billion (which includes our food giveaway of one billion annually) will make impossible for many years to come a balanced budget with sufficient surplus to provide tax reduction for millions of middle-bracket Americans, who are sadly in need of such assistance.

Those who clamor for more foreign aid never mention the fact that our giveaway program has already cost us twice as much as all Social Security benefits, plus aid to the needy, aged, blind, and disabled. And it has cost three times as much as all farm programs since the war, and seven times as much as all atomic energy projects.

The \$70 billion total for foreign aid spending, which we are now approaching, is the equivalent of one-fourth of our present national debt. The cost of servicing this portion of the debt now approximates \$2 billion annually, or one-fourth of the total interest charge. This is a continuing expense.

Last July the Congress, led by such staunch supporters for a sound economy as Congressman OTTO E. PASSMAN, Democrat, of Louisiana, and the late Lawrence H. Smith, Republican, of Wisconsin, reduced the administration's original demand for foreign aid for the current fiscal year by over a billion dollars. This was accomplished in the face of a strong administration-supported lobby, the assistance of two-thirds of the Members of the Senate, the dire predictions of the Department of State and the Pentagon, and the power, prestige, and patronage of the President.

The cut could and should have been much deeper. Nevertheless, in addition to slashing the President's original demand by 23 percent, Congress, by courageous action, reduced his second demand for a blank check from 3 years to 2 and by nearly a billion dollars. Also, the Congress flatly rejected the President's request that it abdicate its lawful control over the foreign-aid purse strings by turning over more than \$2 billion of foreign military aid to the Department of Defense. By placing this vast sum in the Nation's military budget, it would be permanently hidden from both the legislators and the American people who pay the bill.

Year after year, as appropriation time approaches, the administration, its spokesmen, and manipulated pressure groups discover new pretexts to pressure the Congress and propagandize the American people. Last year it was Egypt and Syria. The year before it was the Russian loans (not gifts) to Afghanistan, Burma, and India. Sputnik was promoted as the excuse for hiking the foreign-aid bill by more than a billion dollars and to increase the lending authority of the Export-Import Bank by an additional \$2 billion.

Despite bureaucratic pressures, we must not permit foreign aid, presently the corner-

stone of our foreign policy, to become the tombstone of our Nation. Instead, foreign aid should now be tapered off so that eventually millions will be used to observed advantage where billions are presently being wasted. Americans would then have a foreign-aid bill from Congress which our Republic could support, one that would no longer be a device for politicians to use for promoting themselves as WPA directors of the world.

Last year, when the President confronted the Nation with a bloated \$71-billion budget, the people showered their protests upon Washington to an extent never experienced before. The avalanche of mail hitting Capitol Hill, demanding a deep cut in the foreign-aid appropriations, caused panic in the White House as well as in the offices of Senators who were attempting to defend the continuance of unlimited giveaway funds and the maintenance of rivers of waste and extravagance.

Our businesswise citizens must tell their Congressmen again and again that economy and integrity in Government are still the greatest weapons we possess. Responsive to the will of the people, Congress, if commanded, will reduce foreign aid, which visibly is yielding diminishing results.

Mr. DIRKSEN. Mr. President, I turn now to the work which has been done by the International Cooperation Administration with respect to some of the charges contained in Mr. Castle's article. They have been repeated in the press in many sections of the country. Last year a great many of Mr. Castle's statements were printed in the CONGRESSIONAL RECORD as a part of a speech made by a Member of this body. I spoke to the Senator afterward and said that I thought some of those statements should be handled rather cautiously, because I had some doubts whether they were founded in fact.

As I encountered criticisms from time to time, I was not willing to disbelieve Mr. Castle's allegations; neither was I willing to accept them. I believe statements of that kind must be documented, because the bill involves billions of the taxpayers' dollars, and if we are to deal with the subject adequately we must do so on the basis of facts.

So I asked the International Cooperation Administration, which administers the program, about some of the statements made by Mr. Castle, in the hope that they could supply me with the facts. Under date of May 31, 1958, I received a letter from the International Cooperation Administration, Office of the Director, over the signature of Mr. J. H. Smith, Jr. I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERNATIONAL
COOPERATION ADMINISTRATION,
OFFICE OF THE DIRECTOR,
Washington, D. C., May 31, 1958.
Hon. EVERETT MCKINLEY DIRKSEN,
United States Senate,
Washington, D. C.

DEAR SENATOR DIRKSEN: This is in further reply to your letter of April 30, 1958, asking for detailed comments on an article by Eugene W. Castle in the May issue of the American Mercury.

A brief statement of the facts with regard to each of the charges or implied charges made in Mr. Castle's article is at-

tached for your information. As you requested, we have arranged these in the order in which they appear in the original article. I am returning the original article with key numbers entered in the margin to tie in with the numbers of the comments attached. The charges which relate to the mutual-security program in general or the economic assistance portions of it are numbered from 1 to 36. In addition, there are 10 charges which relate primarily to the military-assistance portion of the mutual-security program. Comments on these have been supplied by the Department of Defense. These are numbered from D-1 to D-10.

I think the comments on Mr. Castle's specific charges speak for themselves. As to the reliability of his statements, it is interesting to note that he starts by seriously misquoting President Eisenhower's inaugural address and ends up by miscalculating the relationship between foreign aid and certain other budget costs. Most of the statements in between seem to be similarly designed to distort or ignore actual facts in whatever way may be required to support the general points Mr. Castle is attempting to make.

An overall analysis of the 36 charges in this article which relate to the mutual-security program in general or to the economic portions of it indicates that none of them represents a case of misuse or mismanagement of mutual-security funds where full corrective action either has not already been taken or is not now being undertaken to the best of our ability.

In some 24 out of the 36 cases, the reported criticism is clearly erroneous. This includes two cases where, as far as we can determine, the reported events never took place at all.

Moving along in this group of erroneous charges, we find six charges of activities which were carried on by agencies not connected with the mutual-security program, ICA, or any of its predecessors. Next there appear to be 6 cases in which the facts reported are wrong and 10 cases in which more or less accurate facts have been misinterpreted. In these cases I believe the correct facts or the correct interpretation would substantially eliminate the criticism.

As for the remaining 12 charges in which the facts do relate to ICA and are reasonably accurately reported and interpreted, 9 of these are cases where there is a genuine question of judgment involved. These range from broad questions of public policy to questions of economic or technical judgment. In each of these cases, ICA, or its predecessors took the action for which we are criticized on the basis of the best political, economic, and technical advice it could obtain. Mr. Castle, with the benefit of hindsight, has reached a contrary judgment. Next, we come to one case where there was clearly an error in judgment on the part of one of ICA's predecessor agencies, but where full corrective action has long since been taken.

This leaves two cases of problems which ICA has recognized and which we are striving to correct, but where we have not yet been wholly successful in doing so. Both of these cases involve emergency situations in which ICA's efforts to assure the proper use of every dollar of the funds made available to us have run up against either deeply imbedded ways of doing business in some countries or a complete lack of familiarity with the handling of Government funds in others.

I am also enclosing for your information a copy of the paper published by the House Committee on Foreign Affairs which gives a complete indexed list of ICA's comments on various charges made by Mr. Castle and other critics of the program.

Finally there is enclosed a copy of a staff memorandum prepared by the staff of the House Committee on Foreign Affairs, com-

menting on some of Mr. Castle's charges and the ICA responses to them.

I welcome the opportunity to cooperate with you in attempting to arrive at the truth about these often-repeated charges. Please let me know if there is any further information you would like to have.

Sincerely yours,

J. H. SMITH, Jr.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. SMITH of New Jersey. I had presented to me a study made by the House Committee on Foreign Affairs, which seems to relate to certain charges made against mutual security operations, and which contains answers furnished by the ICA. I assume the questions and answers to be presented now, based on Mr. Castle's article, are totally different from what is contained in the survey made by the House along the same lines, but as a result of different complaints which were made.

Mr. DIRKSEN. There may be duplications, for aught I know; but I have placed this letter in the RECORD because the document which was prepared by the House committee, while it is a most compelling and persuasive document, has not had wide currency; and the amazing thing is that it is not carefully examined to show the repudiation of so many of the charges which have been made.

Obviously the ICA could not refute or put the label of complete error on many of these charges unless it had good grounds for doing so. Therefore, I intend to pursue this matter when the representatives of the ICA come before the Appropriations Committee, in connection with appropriations of funds for the ICA.

I believe the case must be made now, as a part of the CONGRESSIONAL RECORD, so that those in libraries, schools, colleges, and elsewhere can, if they have a disposition to do so, obtain the documented facts.

Mr. SMITH of New Jersey. Mr. President, I cannot commend the distinguished Senator from Illinois too highly for what he is doing. I believe he is rendering a most important service; I believe it important that the study be made, in connection with the article, which seems to be biased in opposition to what we have been trying to do in connection with the mutual security program.

So I commend the Senator from Illinois most highly for what he is doing.

Mr. DIRKSEN. I thank my friend, the Senator from New Jersey.

Mr. President, I hope the record can be established in such a way that the charges can be labeled, seriatim No. 1, No. 2, and so forth.

Charge No. 1 which is made in the article by Mr. Castle, and which has been published in the American Mercury magazine, is as follows:

CHARGE NO. 1

Eugene Castle states: " * * * on January 21, 1957, President Eisenhower told this Nation and the world: 'We accept our deepest involvement in the destiny of men everywhere * * * high will be the cost.'"

ANSWER

Mr. President, standing by itself, that quotation means one thing. However, it means something else when we read all the President said, so that no violence is done to the context. The quotation given in the article is taken from the President's Second Inaugural Address. Now I shall read into the RECORD all of that portion of the President's address. The relevant portions of the President's Second Inaugural Address are as follows:

We seek peace, knowing—as all ages of man have known—that peace is the climate of freedom. And now, as in no other age, we seek it because we have been warned, by the power of modern weapons, that peace may be the only climate possible for human life itself.

Yet this peace we seek cannot be born of fear alone; it must be rooted in the lives of nations. There must be justice, sensed and shared by all peoples, for, without justice the world can know only a tense and unstable truce. There must be law, steadily invoked and respected by all nations, for without law, the world promises only such meager justice as the pity of the strong upon the weak. But the law of which we speak, comprehending the values of freedom, affirms the equality of all nations, great and small.

Splendid as can be the blessings of such a peace, high will be its cost: in toil patiently sustained, in help honorably given, in sacrifice calmly borne.

Then three paragraphs intervene; and then comes the portion of the statement Mr. Castle quoted in his article which has been published in the American Mercury magazine. That very pertinent paragraph is as follows:

We recognize and accept our own deep involvement in the destiny of men everywhere. We are accordingly pledged to honor, and to strive to fortify the authority of the United Nations. For in that body rests the best hope of our age for the assertion of that law by which all nations may live in dignity.

Mr. President, it seems clear that Mr. Castle has rather deliberately misquoted the President and taken the words out of context, because in the way he has quoted them, they have an entirely different meaning.

I believe in making an honest record. I do not intend to demean Mr. Castle or any other critic. I simply say that if we are to have a record, let us have the whole record, not merely a portion of it on which criticisms are based, and which too often is the moving base for so much of the mail which comes to our desks.

CHARGE NO. 2

In his charge No. 2, Mr. Castle writes:

(a) We do not have the resources permanently to support all men everywhere. The real meaning of the NATO meeting in Paris last December was that our allies told us that they had little faith in our ideas and were even reluctant to agree to accept more of our global bribery. Instead, they urged us to go to Moscow and make a talk deal with the Kremlin.

Mr. President, that is rather singular language. I propose to follow it here with the answer. I shall not detain the Senate by reading the answer at the moment. Instead, Senators can read it tomorrow morning in the CONGRESSIONAL RECORD. I have prepared the whole answer, not merely a partial one; and I ask

that the answer be printed at this point in the RECORD.

The PRESIDING OFFICER. (Mr. CLARK in the chair). Is there objection?

There being no objection, the answer was ordered to be printed in the RECORD, as follows:

ANSWER

(a) The December NATO heads of government meeting was a success from the United States viewpoint. The first steps were taken to solve several difficult problems in the military field, such as: stockpiling nuclear warheads; putting IRBM's at the disposal of SACEUR; improving coordination of defense plans; and promoting a coordinated approach to the research, development, and production of modern weapons. The meeting also led to the significant agreement that governments must give greater support to fundamental research and to scientific and technical education and that national efforts must be aided through sharing tasks and pooling scientific facilities and information. The meeting also arrived at agreement on important political and economic matters.

Differences between allies tend to receive much more attention in the press than do less spectacular but often more important matters on which countries agree. There are of course some issues on which certain NATO countries do not see eye to eye. But these problems must not be permitted to overshadow many other basic matters on which NATO countries are in unanimous accord and on which great progress is being made. The discussions on disarmament in NATO last year are an example of the achievements in the field of political consultation, as are the recent discussions and decisions taken at the NATO Foreign Ministers Conference on dealing with Soviet political maneuvers. The ministers noted that conferences at the summit are not the only way, or necessarily the best way of conducting negotiations or reducing international tensions. They agreed that a summit conference took place, it should be properly prepared and should consider certain important questions including the reunification of Germany and controlled disarmament. In taking these decisions the ministers in effect offered strong support for United States policies.

CHARGE NO. 2 CONTINUED

Mr. DIRKSEN. Mr. Castle also says that:

(b) The mutual security program is based on the false assumption that we can buy allies with bales of money.

Answer: (b) The mutual security program does not seek to buy friends and allies for dollars, and any program with such a purpose is doomed to fail. As has been repeated time and again by the leaders of both political parties, the program is designed to enhance our national security. It is achieving this end: it has checked the advance of Communist imperialism most dramatically in Greece, Iran, and Vietnam; by defraying about 20 percent of the cost, it has provided armed forces of 5 million men joined with ours through collective security agreements; it has enabled us to secure and maintain 250 bases vital to our air and naval forces; and in the face of Communist pressure and blandishments, through economic and technical assistance, it has enabled the many new but underdeveloped nations to maintain their independence and to begin the economic development their people so desire and deserve.

The countries to which we extend military and economic aid are not our satellites to which we dictate domestic and foreign policies, nor is it our desire to make them such. They are rather free and independent nations, and thus may honestly differ with us on many issues. But they all agree with us on the fundamental issue: the need for a

truly peaceful world in which nations are free to pursue their destinies in their own way. By helping establish security from aggression and in the underdeveloped nations, providing hope for economic betterment, this program encourages and enables countries to continue working toward their goals through free and democratic institutions.

CHARGE NO. 3

Mr. President, Mr. Castle's third charge is that the Marshall plan was originally estimated to cost \$17 billion. Then in the article we find that he has written the following:

But those who conceived the first Marshall plan did not intend that it should continue for 13 years and \$70 billion.

ANSWER

Mr. President, what was the final cost of the Marshall plan; and what was its duration? Here is the answer:

Mr. Castle's statement that the Marshall plan, contrary to its initial conception, has continued for 13 years, at a cost of \$70 billion, is not correct.

The Marshall plan was the program of economic aid to Europe—designed to rehabilitate war-devastated economies—which was commenced in April 1948 and was concluded in June 1951. The total cost of that program was \$12 billion—\$10.8 billion in grants, and \$1.2 billion in loans repayable in dollars.

Mr. President, I ask unanimous consent that the entire answer be printed at this point in the RECORD; and at this point I only wish to interpolate that I was in the other body when the Marshall plan was written. As I recall, I voted against it. Since then there have been many changes in the world, and there has been a difference in emphasis and accent. At that time there was not much of a military program. In the past 10 years we have come far from the condition and the circumstances which obtained in the world in 1948. So the whole documented answer, with all the figures verified from the record, is here; and I submit it as an answer from the ICA to the allegation made in the article published in the May issue of the American Mercury magazine.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

There being no objection, the answer was ordered to be printed in the RECORD, as follows:

Answer: Mr. Castle's statement that the Marshall plan, contrary to its initial conception, has continued for 13 years at a cost of \$70 billion is not correct.

The Marshall plan program was the program of economic aid to Europe—designed to rehabilitate war-devastated economies—which was commenced in April 1948 and which was concluded in June 1951. The total cost of that program was \$12 billion—\$10.8 billion in grants and \$1.2 billion in loans repayable in dollars.

After the completion of the Marshall plan program, the United States furnished defense support assistance to European NATO countries. This program—distinct from the Marshall plan program—was essentially designed to enable these countries to undertake rearmament and defense efforts so as to contribute to free world defensive strength to counteract the Communist menace. It did so by providing the economic assistance necessary to sustain their economies under the burden of these defense efforts. The last

year in which defense support assistance was programed for European NATO countries was fiscal year 1955. The total cost of defense support for European NATO countries was approximately \$2.8 billion.

If Mr. Castle's reference to the Marshall plan is taken to mean all nonmilitary assistance under the mutual security program including not only the Marshall plan and defense support to European NATO countries but also all other nonmilitary assistance to all areas of the world since the inception of the program, then the program to date has continued for about 10 years, not 13, and has cost approximately \$22.5 billion, not \$70 billion. If all military assistance is added to this figure, the total is \$42.6 billion.

Mr. DIRKSEN. Mr. President, to resume with charge No. 4, in this article Mr. Castle states:

Presently, our foreign aid billions are paid mostly to the governments or public authorities of the receiving countries. Very large sums of our aid moneys allocated freely to underdeveloped countries all too often find their way into the pockets of the ruling politicians and their supporters.

I think ICA makes a rather persuasive answer.

At this point I ask unanimous consent to have printed charge No. 4 and the answer from the International Cooperation Administration.

There being no objection, the charge and answer were ordered to be printed in the RECORD, as follows:

Charge No. 4: Mr. Eugene Castle states: "Presently, our foreign-aid billions are paid mostly to the governments or public authorities of the receiving countries. Very large sums of our aid moneys allocated freely to underdeveloped countries all too often find their way into the pockets of the ruling politicians and their supporters."

Answer: Mutual security funds almost never take the form of dollars "paid" to governments and public authorities of receiving countries. Rather, it is the supply of goods and technicians. In the case of goods, these are provided normally through commercial channels and, while there may be opportunities for indirect gain on the part of government officials, the aid dollars themselves cannot result directly in personal gain. The providing of technicians, of course, gives no opportunities of this kind. In the 10 years of mutual security and predecessor programs in the economic field, totaling over \$20 billion, there is a remarkable record of honesty in the handling of these programs. What minor instances of alleged charges of misuse have occurred are either unsubstantiated or in a few instances involve the actions of government officials which are beyond the control of this Government. And again it is noted in these cases it is not the aid dollars themselves which are available for misuse.

Mr. DIRKSEN. I now come to charge No. 5 and charge No. 6, and I ask unanimous consent that the charges and the answers be printed in the RECORD.

There being no objection, the charges and answers were ordered to be printed in the RECORD, as follows:

Question No. 5: Are any of our foreign-aid dollars used to pay for luxury imports by the recipient countries?

Answer: Under ICA policies United States assistance may not be used for importing luxury items. ICA has taken careful steps to enforce these policies and thereby to make sure that this does not happen. These steps include: (1) the building up over the years of an internal administrative list of

specific items classed as luxuries which in the absence of a demonstration of their essentiality are not eligible for ICA financing, (2) a careful system of end use checks or checks on the actual use to which United States-financed imports are put, (3) an arrival accounting system operated either by the United States or by the host government which in turn makes reports to us, and (4) a system of penalties for any infraction of the policy against luxuries under which the United States money so used is recaptured.

Charges of this sort are made from time to time because observers learn of certain imports but do not learn of the use to which they are put. For example, one might make this charge about air conditioners or cameras. But it is apparent that an air conditioner is not a luxury where laboratory work requires rigid temperature control. Similarly, what may appear under the label "camera" is not a luxury item if it is a specialized type of industrial photographic equipment. These are two actual examples of charges which have been made. This kind of charge frequently occurs also when the observer learns of the existence within a country of luxury items and makes this charge without learning that, in fact, no mutual security funds were used to finance its import.

Obviously, no administrative system can prevent mistakes. This is particularly true where, as required by law (as well as sound principle), we make maximum use of private trade channels. But if an unauthorized use is made of ICA funds, the aid country is obliged to make a refund of such funds to ICA. As of January 31, 1958, over \$8 million had been received by ICA from aid countries as refunds of amounts improperly spent for luxury or unessential goods.

Even in the uncommon cases, where, because of the need to secure foreign local currencies quickly, ICA has transferred dollars directly to the aid country (as where local currency for troop pay has been required before commodity imports could generate the amounts required), a control system has usually been established to prevent purchase of luxury goods with the dollars transferred. Although in such cases the dollars are no longer the property of the United States, the aid country has formally agreed not to spend them for luxuries and has permitted an ICA representative to sit with the Government's import control body which enforces this agreement. In those rare cases where the control system has not operated to prevent the purchase of luxury goods, ICA has taken additional steps to correct the situation and prevent additional purchases of nonessential goods.

Question No. 6: Eugene Castle alleges that some nations spent our money for a multitude of unwanted and unneeded and wholly unsuitable public works projects.

(a) Is this true?

(b) What is the procedure utilized in selecting a project eligible for foreign aid?

(c) What voice do we have and what voice does the recipient nation have in the selection and evaluation of projects?

Answer: (a) This criticism is certainly not true. Of course it is so generalized and sweeping as to defy a specific response. Such an answer would require knowledge of which projects, in which countries, financed by which United States money Mr. Castle has in mind and in what particulars he believes them unwanted, unneeded, and unsuitable.

Procedures developed by ICA and its predecessors make highly unlikely the expenditure of funds for any unwanted, unneeded, and unsuitable project, not to speak of multitudes of them. No ICA project, in public works or of any other kind, is even started unless and until specifically and formally requested by the cooperating country. So it can hardly be "unwanted." Actually, each

proposed project represents the cooperating country's judgment as the most desirable out of many desirable activities, all fiercely competing for the limited aid funds available. In addition, in almost all cases the country itself must finance the bulk of the project cost from local currency resources, including counterpart funds, which are very short in relation to a multitude of competing needs. When, as frequently happens, the United States assistance is on a loan basis and must be repaid, another factor militates against expenditures for "unwanted" projects.

The likelihood of a project being unneeded or unsuitable is likewise remote in view of the screening which project proposals receive before they are approved. These procedures are described in (b) below.

It must be conceded that it is possible that in the course of supporting scores of public works projects in dozens of countries over a period of more than 10 years ICA and its predecessor agencies may have supported a few projects which some people with the benefit of hindsight might now consider undesirable. Such cases are likely to be ones associated with a crash program which ICA or its predecessors have been required to take for urgent political and economic reasons, such as the Iranian crisis of 1952. In any case where ICA has determined that a public works project is not wholly suitable, ICA has taken vigorous action to correct the situation and to maximize the project's utility.

(b) While specific ICA procedures for reviewing proposed projects vary somewhat with the particular type of funds involved, projects generally go through the following steps before they are approved for financing with any funds controlled by ICA:

1. The cooperating country proposes the project and requests United States assistance.

2. The ICA mission in the cooperating country reviews the proposed project for its desirability, economic and technical feasibility, and cost. Where sufficient technical or economic data is not available, a special engineering or other survey may be required.

3. When the ICA mission is satisfied the project is sound, it submits it to ICA/Washington for further review and approval. This review is carried out by United States economic and technical staffs, by specialized agencies of the United States Government, or by private firms under contract to ICA, as necessary.

4. Only when the project has successfully passed this total screening is it approved for financing.

5. At this stage a project agreement is signed between ICA and the cooperating country, specifying the details of the project and the contributions which each party agrees to make to its cost.

6. ICA technical staffs in the field and in Washington follow up on the implementation of the project to see that it is carried out in a satisfactory manner and in accordance with the agreement.

This standard procedure is followed in cases of projects financed by defense support or special assistance funds under the Mutual Security Act. A somewhat less elaborate review procedure characterizes projects financed from counterpart funds or Public Law 480 local currencies. In the case of counterpart, the funds legally belong to the cooperating government and ICA's review of proposed expenditures is understandably not as intensive as where United States Government funds are expended. In the case of Public Law 480 funds, the projects are in most cases financed on a loan, not a grant, basis, and ICA review depends upon the degree of consent given by the country in the underlying surplus agricultural commodities sales agreement. These agreements customarily require ICA review and approval

of the specific projects but it has not been feasible to secure from a country purchasing our surplus agricultural commodities under Public Law 480 consent to the same elaborate procedures for project review as they accord in the case of mutual security assistance funds.

As a sidelight to the matter of review procedures, a serious question has thrust itself upon us whether ICA's present review processes are not too intensive and extensive. Some critics maintain that Soviet assistance programs make less demands upon countries for information and project review, and that, consequently, they are both less irritating to the nationalist pride of sensitive nations and more expeditious in operation than the United States programs.

(c) The foregoing description of procedures indicates the framework in which projects are developed. The general aim is to secure that development on a fully mutual and cooperative basis.

Mr. DIRKSEN. Mr. President, charge No. 7 is rather intriguing, because Mr. Castle has charged that the United States financed a survey to ascertain the sexual habits of the inhabitants of India. Was such a survey undertaken? What was its purpose? What was its justification? This is what the International Cooperation Administration says:

Insofar as ICA or its predecessor agencies are concerned this statement is not true. India has been and is conducting studies of this type in connection with the problem of population pressure, assisted by United States private groups and U. N. agencies.

But that is quite a different thing. This is a juicy piece for the front page. It is well that this charge has been refuted, because otherwise, everybody who deals with the matter might be the victim of the rather sharp and caustic criticism which has been made. It is like the charge which was made last year that American funds were used to provide dress suits for Greek undertakers. That was untrue. It had no merit. Somewhere, the truth has got to catch up with unfounded allegations.

Charge No. 8 deals with pensions for over-aged Chinese soldiers.

Charge No. 9 deals with the Pakistani fishing industry.

Charge No. 10 deals with the statement that our wheat giveaway has ruined Canadian farmers; and that Canada, once our best customer, now is looking elsewhere to spend its dollars.

Charge No. 11 is that 200 United States engineers are building a military highway in Vietnam which has no military value.

Charge No. 12: Are we financing the planting of wild grass shoots along public highways in Lebanon?

I have been in Lebanon a number of times. It is a fine country with fine people. The question asked in the charge is, "If so, why? What is the value of this project?"

This is what the ICA states:

We have contributed the services of a technician and the use of two tractors to a project involving the planting of wild grass shoots along a Lebanese highway.

The purpose of this project was to prevent movement of sand. The highway in question runs from Beirut to the Khalde Airport.

I have flown in there many times.

Winds from the sea were blowing sand over the highway from adjacent dunes.

The dunes in Indiana are but a circumstance as compared with the dunes in Lebanon.

This sand movement constituted a serious traffic hazard, not only to highway traffic but to incoming aircraft as well. It is estimated that annual labor costs of removing sand from the road were \$16,000. It was considered that this was a worthwhile project to further by contributing technical guidance and equipment.

If I have ever known of a justifiable expenditure on the basis of what I have seen at the Beirut airport, that certainly was one. It is reckless to make a charge and not follow it up with the whole truth.

Charge No. 13 is:

In Iran, the shah tells us to come across with more millions to support his army or he will seek the cash from Moscow.

Mr. President, in the interest of time economy, I ask unanimous consent to have printed in the RECORD all 36 of the charges which have not already been ordered to be printed, together with the answers as they come from the International Cooperation Administration, with the documentation.

There being no objection, the charges and answers were ordered to be printed in the RECORD, as follows:

Question No. 7: Eugene Castle has charged that the United States financed a survey to ascertain the sexual habits of the inhabitants of India. Was such a survey undertaken? What was its purpose? What was its justification?

Answer: Insofar as ICA or its predecessor agencies are concerned this statement is not true. India has been and is conducting studies of this type in connection with the problem of population pressure, assisted by United States private groups and UN agencies.

Question No. 8: Eugene Castle alleges that we are giving \$48 million annually to pay for pensions for overaged Chinese soldiers. Is this correct?

Answer: The ICA has neither set up nor financed a pension program for overaged Chinese soldiers.

In 1954, the Chinese Government requested assistance from the United States to meet its urgent need for a program to increase the combat efficiency of the Chinese military forces on Taiwan by removing and replacing with fresh recruits some 80,000 overaged and disabled servicemen who came from the China mainland with President Chiang Kai-Shek. Such assistance was an essential part of a joint Chinese-United States effort to increase the combat effectiveness of the armed forces on Taiwan. The release of the combat ineffectives to the civilian community would make them refugees in a sense as they had no family, home, or relatives to whom they could turn for assistance. Most lacked skills or crafts of the type to permit them to support themselves in civilian life. The magnitude of this problem was such as to be beyond the financial capabilities of the Government of the Republic of China.

After due consideration of the factors involved it was concluded to be in the interests of the United States to make available a total sum of \$48 million of Mutual Security funds to help the Chinese Government not in setting up pensions, but rather in carrying out a positive program to find productive and permanent solutions to the problem. Accordingly, \$6 million was allocated to the military assistance program administered by the Department of Defense for

expenses connected with equipping and training the young replacements, and \$42 million were economic aid funds made available by ICA. The \$42 million includes the local currency element of the project cost. The funds administered by ICA are being used principally for two types of projects: (1) productive activities such as highway construction and forestry development by which the able-bodied soldiers are being converted into self-supporting civilians and (2) provisions of hospital and other facilities for the treatment of the sick and disabled. The program was approved and initiated in 1955 and it is currently anticipated that by June 30, 1958 United States-financed support of the program will have been substantially completed within original budgetary estimates. There are no plans to request additional United States funds for this purpose.

Question No. 9: An allegation has been made that we handed over \$1 million to bolster the Pakistani fishing industry. Is this correct?

Answer: Through June 30, 1957, ICA obligated \$1,275,000 toward improving Pakistan's fishing industry. The average national diet in Pakistan is 2,125 calories per day, of which only 10 percent are proteins, and therefore the exploitation of the fishing industry is extremely important in improving the welfare of the populace.

In East Pakistan alone fish and rice are the main diet of 45 million people. Two hundred thousand fishermen are dependent directly upon fisheries, and unknown thousands are indirectly dependent. The industry is now in a primitive condition, but there is the natural potential to produce the millions of pounds of fish needed by the local population.

The major portion of the ICA assistance has been for the development of the Karachi Fish Harbor. This has included technical advice in dredging the harbor and reclaiming approximately 47 acres of land, the furnishing of equipment and supplies not available in Pakistan, and United States training for Pakistanis. The fish harbor when completed will include such structures as an auction market, ice plant, drying sheds for nets, boat repair shops and allied facilities. Some of these structures have been completed and are already in operation, others are in the process of construction and others are still in the planning and designing stage. It is expected that when the harbor is in full operation it will provide employment for approximately 5,500 people. Present plans call for completion of the facilities by December 31, 1959. The fish processed at Karachi Fish Harbor are for domestic consumption. Other related activities in the program are assisting mechanization of the fishing fleet, demonstrating equipment and technique, and providing nylon twine for improved nets.

Pakistan undertook to furnish local labor and supplies needed for this program and its contribution to the necessary financing was \$2.9 million through June 30, 1957.

The foregoing description relates to projects specifically directed to the improvement of Pakistan's fisheries by assisting development of facilities, advising on and demonstrating techniques and equipment.

Charge No. 10: Mr. Castle states: "Our wheat giveaway has ruined Canadian farmers. Once our best customer, the Dominion Government now is looking elsewhere to spend its dollars."

Answer: Although the United States wheat surplus disposal program is not the only problem, it has been a factor in recent relations between Canada and the United States. However, steps taken by the United States to develop improved programing procedures and make changes in a major part of the wheat disposal program have gone far toward meeting Canadian complaints.

Canadians continue to be concerned, however, that surplus disposal programs will become a fixed part of the United States farm program.

Although the United States Government has maintained a uniform price for wheat for all export programs, the nature of some of the disposal programs has probably been one of the factors in the reduction in Canadian wheat prices. These Canadian prices are, apart from a small payment on flour exports, the same regardless of whether the wheat is sold for domestic consumption or for export. However, the United States wheat farmer benefits under the price-support program from a much higher price and the difference between this and the lower price at which wheat can be sold for export is taken care of by an export subsidy. As a result, Canadian farm groups often urge the adoption of some of the features of United States price support and surplus disposal programs. Recent steps have been taken by Canada, however, to enlarge wheat exports through long-term credit arrangements and grants under the Colombo plan.

During a conference in October 1957, the Canadian ministers emphasized barter transactions as a harmful United States disposal program. They maintained that the barter program had prevented Canada from sharing in the great increase in wheat exports to northern Europe in the 1957 crop-year. The barter program gave an advantage to United States traders by enabling them to cut the price of barter wheat for export. A reappraisal of the barter program in May 1957 led to major revisions of procedures governing its administration. The principal change requires that traders prove that these exports are in addition to United States sales that would otherwise take place. Another change requires that interest be paid on funds which the traders obtain by taking delivery of the surplus agricultural commodities before they deliver strategic materials to the United States Government. These changes have resulted in a substantial decrease in barter transactions by eliminating price discounts in the major hard currency markets of the world.

In the first 2 years of the 4 years of programing to date, the Canadians complained about certain of the smaller sales for foreign currency under title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.) as amended. It was argued that these sales failed to increase consumption and directly displaced Canadian exports. This appeared to be borne out in a small number of instances in which imports from Canada declined after the introduction of the title I programs, although in some of these there had previously been a decline in United States sales as Canadian sales increased. Title I program procedures, however, have been worked out which tend to minimize any disadvantage to Canada or other exporters. Our main efforts in this respect are:

1. The United States consults with Canada on proposed title I programs which it feels might affect Canada's interests. On occasion, importing countries are encouraged to discuss their requirements with Canada;

2. The great bulk of the wheat under title I moves to less developed countries which, for the most part, are outside the commercial or cash market. It is only in these noncommercial areas where Canada or the United States can effect substantial increases in wheat exports; and

3. Many title I agreements serve to protect Canada and other exporters by requiring that countries purchase specific quantities of wheat from free world sources in addition to the amounts purchased for local currency. Sometimes it is necessary that agreements require certain purchases for United States dollars; the former method

is used if it appears it will meet the requirements of Public Law 480.

Question No. 11: It is alleged that we have 200 United States engineers building a military highway in Vietnam which has no military value. (a) Is it correct that 200 American engineers are so engaged? (b) What is the military value of the highway in question?

Answer: This statement is incorrect.

ICA is contributing funds to the construction of two highway segments in Vietnam. The first, running from Saigon to Bien Hoa (31 kilometers) is the main north road out of the capital (Route 1). It is heavily traveled and is of great economic and strategic importance.

The second road (Route 21) is the 160-kilometer stretch from Ban Me Thuot to Ninh Hoa, providing road communications with new resettlement villages which have been established by the Government of Vietnam to insure settlement of the area by loyal Vietnamese who will resist infiltration by Vietminh agents. The Government of Vietnam has stressed the importance of these settlements and the connecting roads (including Route 21) to the defense and internal security of the country.

The United States decision to assist Vietnam in the construction of highways has always been based on the urgent need to rehabilitate the war-damaged road system for the purpose of improving Vietnam's defense potential, contributing to internal security, and providing a basic ingredient for economic progress. Completion of the highway system will facilitate rapid movement of the Vietnamese armed forces and the civil police.

A United States engineering firm and a United States construction company are in charge of engineering and construction on both Route 21 and Route 1. Total engineer personnel (including engineer types and including not only United States but all non-Vietnamese) employed on the highway projects by both companies has never exceeded approximately 70. In addition to engineers, there are employees of management, administrative, and operational character. The number as well as the types of non-Vietnamese personnel who may be engaged on the highway projects is subject to ICA approval which is based upon a review of personnel needs to meet project objectives.

Question No. 12: (a) Are we financing the planting of wild grass shoots along public highways in Lebanon? (b) If so, why? (c) What is the value of this project?

Answer: (a) We have contributed the services of a technician and the use of two tractors to a project involving the planting of wild grass shoots along a Lebanese highway.

(b) The purpose of this project was to prevent movement of sand. The highway in question runs from Beirut to the Khalde airport. Winds from the sea were blowing sand over the highway from adjacent dunes. This sand movement constituted a serious traffic hazard, not only to highway traffic but to incoming aircraft as well. It is estimated that annual labor costs of removing sand from the road were \$16,000. It was considered that this was a worthwhile project to further by contributing technical guidance and equipment.

(c) The project as a whole cost approximately \$4,000. ICA's contribution consisted of the part-time services of 1 technician and use of 2 tractors, both in the area in connection with other ICA-financed projects. The Government of Lebanon provided the other equipment, fuel, lubricants, grass shoots, and labor.

Although this was not treated as a separate ICA project, the work done was highly successful and nearby countries have drawn upon Lebanese experience to tackle similar dune-control problems. This is an excellent example of the sort of incidental assist-

ance which is possible within an aid-receiving country at little or no additional cost to the United States.

Question No. 13: Eugene Castle states: "In Iran, the Shah tells us to come across with more millions to support his army or he will seek the cash from Moscow."

Comment: The Shah has not made such representation to the United States Government.

The Shah is understandably greatly concerned over the military position of his country as a member of the Baghdad Pact. He is keenly aware of the Soviet threat to the Middle East and has justified his country's adherence to this defensive alliance on that basis. He is concerned with Iran's military commitments under the pact and the need to maintain a balance between military and economic expenditures. The Shah has, therefore, asked for substantial United States economic and military assistance.

The Soviet Union has made vague but seemingly generous offers of aid without strings to various countries in the Middle East, including Iran. Iran's economic resources are being strained by a substantial development program considered essential for the improvement of living standards and the maintenance of political stability. In this context, Soviet offers, naturally, have a certain surface attraction but Iran has to date refused such offers.

Question No. 14: (a) Have we undertaken the construction of expensive airfields in Afghanistan? (b) If so, what has been the cost? (c) Why have we built airfields? (d) What is the justification of the airfield when the rest of the transportation system is exceedingly backward?

Answer: (a) and (b). We have undertaken the construction of one large airfield in Afghanistan. It is located approximately 12½ miles southeast of Kandahar. Five and nine-tenths million dollars was obligated by the United States in June 1956, for construction, materials, and equipment and for communications-navigational aids at Kandahar as part of an overall air project. The Government of Afghanistan had already, before it received any mutual security funds, planned the construction of the airfield at Kandahar and had spent approximately \$600,000 of its own funds for grading and compaction.

(c) and (d). The United States has provided assistance to air development, including airfields, in Afghanistan because air development is believed to be an essential and economical first step in helping the economy of Afghanistan. The civil aviation program, under which the United States will help Afghanistan expand its airlines system and improve its Department of Civil Aviation was requested by the Government of Afghanistan, and initiated in June 1956. Through June 30, 1957, a total of \$14.7 million had been obligated for the program. As a result of the development of the international airport at Kandahar, United States commercial planes have begun to link Afghanistan with the other countries of the free world. A management contract already in operation has helped the Afghan airline operate scheduled flights for an expanding volume of traffic. And as a further and important result of this United States assistance, Afghanistan has already been able to strengthen its internal political and economic cohesion in a manner similar to the experience of Latin America, whose transportation problems closely parallel those of Afghanistan, and which, like Afghanistan, have very difficult terrain problems. Moreover, at this time when the Afghan airlines have operated domestic and international scheduled flights for nearly a year, both freight and passenger traffic have exceeded all expectations; revenues have increased substantially; and exports of Karakul and Afghan carpets have been greatly facili-

tated. The net advantage to the Afghan economy is clear.

It is fully recognized that it is important also to develop land transportation in Afghanistan, and substantial efforts have been made to do so; including assistance in surveying the highway system, in providing training in highway maintenance, in improving the highway maintenance organization, and in the establishment of motor maintenance repair shops. But many difficulties have arisen in making such assistance effective, and it is recognized that it will be a slow process before this assistance will have the necessary impact in the Afghanistan economy. In these circumstances, simultaneous assistance to air development seems unavoidable.

Question No. 15: The allegation has been made that we have provided electronic microscopes in regions of the Philippines where no power is available for their use. Is this correct?

Answer: Two electronic microscopes were procured for the Philippine program. Use of one of the microscopes was delayed due to a lack of power at the time of its arrival. The problem was rectified thereafter and the microscope was put to effective use.

The second microscope was procured in 1953 for the Alabang Serum and Vaccine Laboratories of the Department of Health of the Philippine Government, and power was available at that location to put the instrument into effective use on its arrival.

The facts concerning the first microscope are as follows: In 1951 the Philippine Government requested, and the then ECA approved, the procurement of one electronic microscope for use in plant research at the College of Agriculture of the University of the Philippines at Los Banos.

The procurement of the microscope was considered essential for the study of virus diseases, especially of coconuts, which is a serious problem in the Philippines. Although it was known at the time of procurement that there was no dependable source of power at the college to operate the microscope, the Philippine Government assured our mission that arrangements would be made for the college to connect onto the powerline which was furnishing power to Manila. It subsequently developed that the Philippine National Power Co. was unable to obtain the necessary capital to extend their power facilities in order to furnish dependable power to Los Banos and surrounding communities. Faced with this difficulty the Philippine Government and our mission concluded that the most economical and practical alternative was to build a small generating plant for the college in order that it could supply, and be assured of, dependable power for all its facilities, including the electronic microscope, rather than relying on the then used commercial source whose equipment was rapidly deteriorating. Generators were procured by ICA for the plant and the college thereafter generated power for its facilities and equipment including the microscope as well as the contiguous new Forest Products Laboratory and the College of Forestry, which also are ICA projects.

Question No. 16: Eugene Castle states: "In Laos, population 1,300,000, the government uses our foreign aid millions to buy luxury goods and to protect the internal political graft of that country."

Comment: The Governments of Laos and the United States have been faced, over the past several years, with a particularly difficult situation in their attempts jointly to preserve Laos as a country free of Communist domination. During this period may problems have developed of serious concern to the representatives of both governments. There has been profiteering, and some of the dollars made available to the Laos Government as a consequence of our aid program have been diverted from the purposes for

which they were intended and not effectively used. The United States Government has been aware of these conditions and has been attempting, in cooperation with the Lao Government, to correct this situation. This has been difficult, and efforts have not been fully successful.

A balanced view of the problems in Laos, however, must take into account the fact that Laos has successfully combatted attempts of a Communist-dominated Pathet Lao to extend their control by military force. The country remains independent.

In order better to understand the problem, it may be useful to recall the circumstances under which the program in Laos first began. Laos acquired full independence on January 1, 1955, later the collapse of French resistance to the Communist Vietminh. With independence it inherited a 25,000-man army, which it desired to maintain in order to guard against potential Communist aggression originating in North Vietnam and the Pathet Lao provinces to the north. As it turned out, it was well this army was maintained, for fighting soon broke out.

The young government of this country, however, was extremely deficient in personnel experienced either in economic affairs, or in the handling of the many responsibilities which came with independence, and it lacked the resources needed to finance its army.

The funds needed to keep the army in being could not be raised in adequate quantities by the usual ICA procedures of financing the importation of commodities and, in the emergency circumstances, the local currency was purchased with ICA dollars—a procedure followed only in the most unusual circumstances. These dollars were turned over at the official rate of exchange, with the understanding that the dollars so transferred would be utilized only for purposes mutually agreed upon.

Two deficiencies in this arrangement subsequently appeared. The dollars transferred were not fully utilized for the import of saleable commodities, and certain irregularities appeared in the use of that portion of the dollar funds allotted by the government of Laos to importers for the procurement and shipment to Laos of goods. The most common of these were over-invoicing, sale of import licenses, diversion of goods in transit and reexport into Thailand.

In an attempt to help the government of Laos cope with these irregularities, technical assistance was provided under a contract designed to tighten procedures in the essential steps involved in making dollars available for imports. Separate studies also were undertaken by ICA to find ways of improving end-use controls; and other steps were taken to prevent diversion of goods in transit.

It became increasingly clear, however, that the situation could be effectively dealt with only by fundamental fiscal and monetary reforms, including measures to deal with the overvaluation of the Lao currency. Difficult and complex problems were involved, and hasty action could have led to highly undesirable economic and political consequences. Memories of the recent unhappy effects of devaluation under the French increased the difficulty of dealing with the problem. These problems are still under active discussion. Some proposals to solve them have been made and others are being readied.

Question No. 17: It has been alleged that the United States undertook the building of a highway in Thailand for \$6 million and that this highway has already cost \$18 million for half of the originally planned stretch. Is this correct? What are the circumstances surrounding the construction of this highway?

Answer: United States support of the Northeast Highway project in Thailand was undertaken in 1954 on an urgent basis when Communist Viet Minh troops penetrated to the northeast, Thailand border and it appeared there was grave danger that neighbor-

ing countries, especially the former Indochina States might fall to overt Communist aggression and subversion. Initially, the highway was conceived as a strategic road to the northeast so that Thai forces could more effectively use tanks and other vehicles furnished as United States military aid, to defend the area in the event of hostilities, while at the same time the great economic importance of the road was recognized.

The semi-arid northeast of Thailand to be served by this road is relatively isolated, economically depressed, and vulnerable to subversion. The road forms a main link in the vital transportation route from the Port of Bangkok to landlocked Laos. The linking of Bangkok to the northeast with an all-weather road is of very high priority in the improvement of Thailand's communications. Already remarkable new economic activity is resulting as the road penetrates into the heretofore underdeveloped northeast. Agricultural diversification and processing is essential to the development of economic self-sufficiency in Thailand and the northeast is the key area in this regard.

Because of the grave military situation existing when the project was initiated, it was considered necessary to start road construction quickly before completing detailed engineering studies and cost estimates. In lieu of such studies, it was arranged that detailed engineering would proceed concurrently with the construction.

At an early stage a preliminary cost figure of \$6½ million (plus a \$1 million Thai contribution) was suggested, based on generally unchecked Thai data. However, before ICA undertook to contract for any construction, an engineering reconnaissance survey was arranged in order to secure more realistic figures. This survey was not and did not purport to be a detailed engineering study with precise cost estimates. The survey estimated a cost of \$21 million for a 200-mile highway consisting of two principal parts: A first 100-mile stretch involving completely new construction through difficult terrain; and a second 100-mile section, largely involving bridge repair and the rehabilitation of an existing road, and therefore being the less expensive half of the project. On the basis of these reconnaissance figures it was decided initially to undertake only the first 100-mile stretch.

The cost of constructing this 100 miles is proving greater than the estimates made in the initial 1954 reconnaissance survey for the following reasons:

(a) Design criteria were revised upwards upon the advice of the Department of Defense.

(b) There has been a continuing general worldwide increase in construction costs since 1954.

(c) Part of the highway was relocated.

(d) In addition, certain cost elements, such as quantities of earth and rock to be moved, were underestimated in the reconnaissance survey.

It now appears that this first 100-mile stretch will cost about \$22 million when completed in mid-1958.

This project is considered fundamentally sound in concept and execution.

Question No. 18: Have we provided dress suits for Grecian undertakers under the foreign aid program?

Answer: Procurement records in Greece show no aid-financial procurement of clothing of any kind with the exception of footwear for the army. Civilian clothing, as a matter of United States and Greek policy, has been ineligible for United States aid financing in Greece since the inception of the aid program in Greece.

Question No. 19: Have we financed public baths for Egyptian camel drivers?

Answer: ICA has provided funds to assist a cooperative rural health demonstration center at Shubra Mont, in Egypt. The project

included public baths as part of the health center. Although the project commodity procurement schedule, which describes the commodities being bought with the United States dollar contributions to the project, does not include public baths, some of the commodities procured could have been used in connection with building the baths.

There is also included as part of the Egyptian-American rural improvement service projects a project for village improvement in the Abis area. This project which was financed from a joint United States-Egyptian joint fund provided for the construction of a building combining baths and a laundry.

Neither of these projects was specifically designed to provide facilities for camel drivers. However, it is obviously possible that the facilities could have been used by camel drivers. This is particularly true of the Shubra Mont project, which is located just off a well-traveled road to Cairo.

The inclusion of public bathing facilities in these two projects results from the fact that Egyptian villages customarily have public bathing facilities, and from the further fact that such facilities are frequently no more than drainage ditches, the use of which has sometimes led to the development of bilharzia. A project designed to encourage and improve health and sanitation standards would therefore necessarily include public bathing facilities.

It should be pointed out, furthermore, that technical cooperation projects have for some time included public bathing facilities in health projects.

Question No. 20: Have we provided free airplane rides for thousands of Arabs to visit Mecca? (a) If this is true, what are the justifications? (b) Did the United States derive any benefits from this project? (c) What were the nationalities of the Arabs so transported?

Answer: (a) We have not provided free airplane rides for any pilgrims to Mecca. On three occasions the United States Government has provided transportation for pilgrims to Mecca, but on each occasion the pilgrims paid full commercial fares.

1. The first instance did not involve ICA or its predecessor agencies or the use of any MSP funds. In August 1952, the Lebanese Government appealed to the United States Embassy in Beirut for help to provide emergency transportation for pilgrims who were stranded in Beirut on their way to Mecca. This appeal occurred on August 22. The pilgrims had to be at Mecca by August 29 to fulfill the deeply-felt religious purpose of their journey. Local airlines had oversold tickets on the normally scheduled and special flights that were to take Moslem pilgrims from all over the Moslem world to Mecca in time for the yearly pilgrimage ceremonies. When it was found that private American airlines could not fill the gap, the Department of State consulted with the Secretary of the Air Force, and it was determined that Air Force transport planes could be made available. Over 3,000 pilgrims were transported by the Air Force. These pilgrims were not given free trips. They paid full commercial fares in Lebanese pounds. The funds so collected were distributed to Moslem charities. At the time it was made clear to the Lebanese Government that the United States Government could not be expected to repeat such a humanitarian operation in the future and it was impressed on those responsible that adequate planning for commercial transportation had to be undertaken during future pilgrimage seasons.

2. In July 1954 ICA provided \$250,000 to the Iranian Government for foreign exchange needed by the Iranian airline for transportation of Moslem pilgrims to Mecca. In return the Iranian Ministry of Finance

agreed to deposit the local currency equivalent into the United States-Iranian Master Joint Fund to be used as a contribution by the United States for local costs of technical cooperation projects. At that time it was the practice to generate local currency in Iran for assistance programs by dollar cash grants which were later used by Iran for commodity imports. Local currency could also be generated for the assistance programs by dollar grants for specific purposes, and the grant to the Iranian airline for transportation of pilgrims to Mecca was one such special method of obtaining local currency for technical cooperation projects.

3. In June 1956, at the request of the Government of Afghanistan, the United States, under the mutual security program, chartered from Pan American World Airways for a period not to exceed 75 days 1 DC-4 aircraft and the services of a crew to help transport Moslems from that country on their pilgrimage to Mecca. The total cost to the United States was less than \$200,000. The aircraft and services of the crew were provided to Afghanistan on a grant basis, but the pilgrims paid their own way in Afghan currency.

b. All of these projects resulted in increased good will in the Moslem world for the United States. In the case of the 1952 airlift from Beirut, the fact that the United States had come to the rescue of stranded Moslem pilgrims received considerable publicity in the Middle East and brought a grateful response from numerous prominent Moslems, many of whom had previously been hostile to the United States.

The main purpose of the grant to the Iranian airline in 1954 was to obtain local currency for technical cooperation projects. However, since the Iranian Government would in any event accord the pilgrimage to Mecca high priority in the use of available foreign exchange, the United States was able to earn considerable good will by providing dollar resources for this purpose in its local currency generating program.

As for the 1956 Afghanistan project, the provision of transportation for pilgrims to Mecca is an important function of the Government of Afghanistan, which it must perform in order to meet the expectations of the Afghan people. United States assistance to the Afghan Government in fulfilling that function at a time when the Government air transport system was inadequate to the task demonstrated the friendliness of the United States and thus helped to dispose the Afghan Government favorably to the West. It also provided an important stimulus to the Afghan air transport system, a project to which the United States was planning to provide and is now providing economic assistance.

c. In the case of the Beirut airlift, the pilgrims stranded in Beirut were primarily of Turkish, Iranian, and north African origin. The Moslems assisted in Iran and Afghanistan were mostly of Iranian and Afghan nationality respectively (not Arabs).

Question No. 21: Are foreign aid funds being used to send operatic singers to Western Europe, weight lifters to the Middle East, and jazz bands to Latin America and the Far East?

Answer: No.

Some tours abroad by creative and performing artists and athletes from the United States are being assisted by the Department of State under the express authority of Public Law 860, 84th Congress. They are not a part of the mutual-security program and are not administered by ICA.

Charge No. 22: Eugene Castle states: "I would take it (a fastfinding mission) to the 'Uyeno PX'—the black market near Tokyo's Uyeno Station where bargain-priced merchandise, brought over for our troops at high taxpayer cost, is peddled illegally."

Answer: This, of course, refers to PX operations which have nothing to do with the mutual-security program. Black mar-

kets are known to exist in areas where luxury and quality merchandise is scarce or unobtainable locally. The Uyeno black market has been in existence at least since World War II. It could not continue to exist if it depended on United States PX merchandise alone. Present PX regulations and controls are both adequate, administratively practical, and enforced. Frequent checks of Uyeno by United States authorities for possible PX merchandise, and identification data required of PX buyers, have resulted in prosecutions by the military authorities. The use of Uyeno as an outlet for stolen goods has been greatly reduced by Japanese police action. All the above has had a salutary effect and the continuation of present measures can be expected to make illegal disposition of PX items both unprofitable and most unattractive.

Question No. 23: It has been alleged that the Philippines could live and prosper without one American foreign-aid dollar. (a) What is the economic situation in the Philippines? (b) What would occur if all American aid were to be withdrawn?

Answer: While a more effective use of its resources would benefit its economy, the Philippines cannot meet both its present defense and development requirements without external assistance.

(a) Currently, the economic situation in the Philippines is at its worst since 1949, when an economic crisis resulted in the Philippines' request for aid from the United States. Due to falling prices of exports and a heavy demand for imported consumer goods, the Philippines' foreign-exchange position deteriorated seriously during 1957. Foreign-exchange reserves at the end of 1957 amounted to approximately \$140 million, less than 3 months' import requirements at the average monthly import rate that year.

Since most of the Philippine people live only a little above a bare subsistence level, Government revenues are derived largely from customs duties and excise and sales taxes. These revenues are insufficient to defray the costs of essential Government operations, thus necessitating deficit financing of important public works and military installations, with inflationary results. The present situation is such that foreign investors are loath to invest in the Philippines and domestic capital is hoarded or used in speculative activities.

(b) The ICA defense-support technical-assistance program for the Philippines, reduced to \$19 million this year from a \$33.9 million program last year, is concentrated in support of military construction and rural development. The effects, if the present ICA defense-support technical-assistance program were terminated, would jeopardize goals of specific interest to the United States. Military construction would probably be substantially curtailed and the rural development program, on which much of the United States past aid has been focused, would deteriorate. Lack of the programed military facilities would not immediately affect the economy but would delay the development of the military strength of an important ally.

Retrenchment in the Philippine Government's rural development program would risk a resurgence of discontent in rural areas, a problem with which the Philippines, with United States aid, was beginning to make substantial progress. Without the pesos derived from the sale of United States surplus agricultural commodities (half of ICA aid to the Philippines takes this form) the Philippine Government would either have to curtail these activities, reduce other essential Government activities, or further increase its budgetary deficit. Curtailment of other Government services would increase the danger of instability, and any increase in deficit financing would intensify inflationary pressures in an economy facing a serious economic situation.

It is true that United States aid to the Philippines is small compared to that country's gross national product of \$5 billion. It is also true that United States aid will not solve all the problems of Philippine defense and development and that the primary job must be done by the people of that country, who in some ways could be doing that job more effectively. However, it is also true that: 1. the problems of Philippine defense and development are not easy ones; 2. a primary purpose of United States aid has been to stimulate the Philippines to make the most effective use of its resources in tackling these problems and 3. without United States aid the rate of economic development in the Philippines, the growth of governmental, financial, and educational institutions needed to improve economic and social conditions, and the construction of needed defense facilities would have been much slower.

Question No. 24: Do we conduct a knitting school with foreign-aid funds?

Answer: ICA does not, insofar as we can determine, conduct a knitting school with foreign-aid funds anywhere in the world. We do under the technical cooperation program support projects of a home economics and cottage industry nature which involve teaching of sewing.

This kind of charge is particularly difficult to deal with because of its failure to specify the type of activity involved or where in the world it might be.

After a diligent search, the only activity which ICA can discover which may have given rise to this charge, is a project in Korea which is operated entirely with private funds by the Church World Services, a distinguished American humanitarian organization. This activity was designed to assist impoverished Korean war widows to earn a living by knitting and other sewing. It has been assisted by the wives of American diplomatic and ICA personnel in Korea, on a voluntary basis.

It seems particularly unfortunate that such a charitably inspired and worthwhile voluntary effort should be misinterpreted and help up to ridicule.

Question No. 25: Do we underwrite modern art exhibits with foreign-aid funds?

Answer: No.

Some activities of this general character are financed by other agencies of the Government under legislative authority which is entirely separate from the mutual security program.

Question No. 26: Has a survey of flower reproduction been financed with foreign-aid funds?

Answer: Mutual-security funds have not been used in connection with a survey or the growing of ornamental flowers. We know of only one case where we have financed a project involving a plant which could reasonably be mistaken as ornamental. That involved experimental growing in Latin America of Kenaf which is a member of the hibiscus family. It is a jute substitute valuable for string, rug, yarn, and burlap and is considered a strategic material. The only substantial sources of supply at present are Indian and Pakistan.

ICA policy would permit the financing of flowers where they have an industrial or agricultural use. Where the flower is ornamental, even though it may have economic value, either as a foreign exchange earner or in the development of local markets, we would not finance any project involving it. We have refused to finance ornamental flowers on a number of occasions. Late in 1954, for example, we refused the request of one government that we help replace the rose collection of an agricultural experimentation station which was destroyed by flood.

The Agricultural Research Service, using Department of Agriculture, not mutual-security funds does survey and investigate ornamental flowering plants in various parts

of the world as part of its regular research activity. This has nothing to do with the mutual-security program. Perhaps it was such a survey that gave rise to the above question.

Charge No. 27: "I would take it (a fact-finding mission) to Pusan and Inchon in Korea where millions in aid shipments are stolen off the docks through careless or corrupt police practices."

Answer: With \$300 to \$400 million of MSP-financed military and civilian imports moving annually through these two ports into a country where 22 million live on an average annual income of less than \$100 per person, some pilferage is to be expected. However, there is no information to indicate that millions of dollars are involved. The charge that careless or corrupt police practices cause such thefts as are occurring is unsubstantiated. On the contrary, strong action by the Korean Government and by military police (both United States and Korean) and the Korean civil police forces have kept losses at ports to a minimum.

Charge No. 28: "I would take it (a fact-finding mission) to Algeria's grim battlefields where planes and tanks earmarked 'for anti-Communist use only' are crushing a strictly local rebellion."

Answer: MAP equipment is provided France under a bilateral Mutual Defense Agreement dated January 27, 1950. Article I of this agreement states in pertinent part:

"2. Each Government undertakes to make effective use of assistance received pursuant to paragraph 1 of this article (a) for the purpose of promoting an integrated defense of the North Atlantic area, and for facilitating the development of defense plans under article 9 of the North Atlantic Treaty, and (b) in accordance with defense plans formulated by the North Atlantic Treaty Organization recommended by the North Atlantic Treaty Defense Committee and Council, and agreed to by the two Governments."

MAP equipment has been delivered to two NATO-committed French divisions stationed in north Africa since 1950. MAP equipment has also been delivered to additional French NATO divisions which were either formed in north Africa or have been sent there from Europe since 1954. Such MAP equipment is intermingled with other equipment of United States origin used by French units in north Africa, some purchased commercially in the United States and some provided under the wartime supply program for the French Army in 1943-46. The bulk of the heavier, more costly MAP items belonging to units deployed to North Africa has, however, remained in French continental depots.

In August 1954, when the French began to deploy army units having MAP equipment from Europe to north Africa, the United States asked for assurances from the French Government that MAP equipment would be used only for the purposes for which it was furnished. The French Government replied that such equipment would "only be used for purposes consistent with the need of the integrated defense of the zone of the North Atlantic."

In November 1954, the United States expressed to the French Government its hope that forces and equipment sent to north Africa would be restored to Europe as soon as possible.

The North Atlantic Council, in a statement issued on March 27, 1956 (in which, of course, the United States concurred) "noted that France has found it necessary, in the interests of her own security, to reinforce the French forces in Algeria, which is part of the North Atlantic Treaty area." (Article 6 of the North Atlantic Treaty defines the NATO area to include the northern departments of Algeria.) The North Atlantic Council also noted the expressed determina-

tion of the French Government to restore, as soon as possible, its full contribution toward the common defense in Europe.

On June 28, 1957, in a published letter to Arab Ambassadors, Secretary Dulles made the statement that military assistance is furnished to France "within the framework of cooperative arrangements for mutual defense. It would not be in accordance with the policy of the United States Government or with free world interests to deny such assistance to France."

The French use of MAP equipment in north Africa is but one aspect of a complex and many-sided problem confronting the United States. On the one hand, the Algerian conflict has imposed a strain on French resources; the deployment of men and materiel to north Africa has seriously impaired France's contribution to NATO and weakened the NATO defense structure; the situation has had a deleterious effect on western relations with the Arab world, and is providing opportunities for Soviet exploitation.

On the other hand, France's location, resources, and manpower make her a vital element in the NATO alliance. We have continued to provide materiel for French NATO-committed forces so that such equipment will be available for the most rapid possible reconstitution of those forces on the Continent of Europe. The overriding threat is still that of aggression from the Soviets.

The Algerian situation has provoked a grave national problem in France. The United States recognizes that only a lasting solution of the Algerian question will resolve the many problems created by the situation in a manner consistent with United States policies and purposes. United States policy has therefore been to encourage endeavors to find such a solution.

Charge No. 29: (a) Eugene Castle states in his article that the State Department announced that during 1956 and 1957 the Soviet bloc agreed to supply \$1.9 billion of military and economic assistance to 10 underdeveloped countries while during the same period the United States allocated only \$900 million to these countries. Mr. Castle further states that this announcement is "wholly misleading," saying in his article that the Soviet bloc earmarked—but did not deliver—the major part of this aid, \$1.335 billion, to 4 countries: Yugoslavia, Egypt, Syria, and Indonesia. Mr. Castle points out that only 10 to 15 percent of the promised Soviet money has been actually spent in these countries (presumably the 10 countries), appearing to imply that the State Department omitted to mention this fact.

Answer: The State Department announcement to which Mr. Castle refers is probably the background paper on the Soviet-bloc economic offensive in underdeveloped areas which was prepared by the Department in January 1958 in response to numerous press inquiries on the subject. Far from attempting to mislead on the subject of Soviet bloc aid, the State Department paper clearly noted that the \$1.9 billion of such aid represented firm agreements to provide credit and grants, and not actual expenditures. The paper also clearly noted that it was estimated that as of November 1957 about half of the bloc economic aid had been obligated or covered by specific contracts and that probably only 10 to 15 percent of such economic aid had actually been spent. In the case of bloc military credits, however, which account for a large part of total bloc assistance (some \$400 million), the major portion has probably been delivered in the form of weapons and equipment by the U. S. S. R. and Czechoslovakia. The figures used by Mr. Castle are the very same figures used by the State Department in its background paper. It is difficult to see, therefore, where the State Department was misleading in this respect.

A substantial portion of the \$1.9 billion in bloc aid agreements, as Mr. Castle points out, was concluded with Yugoslavia, Egypt, Syria, and Indonesia. The State Department paper clearly pointed this out in its listing of the countries receiving bloc aid. To these 4 countries noted by Mr. Castle, however, we would add India and Afghanistan as major recipients of some \$300 million and over \$160 million, respectively, of bloc aid credits.

Implementation of the Yugoslav credits has fluctuated with the state of relations between the U. S. S. R. and Yugoslavia. When relations deteriorate, the aid slows up. It is estimated that about \$350 million of bloc credits to Yugoslavia has been obligated or drawn upon. Bloc arms credits to Egypt and Syria are estimated at some \$350 million, the bulk of which has probably been delivered. Bloc economic aid credit agreements with Egypt and Syria were concluded near the end of 1957 and thus far implementation has taken the form of discussions for specific obligations of these economic credits. Such discussions were held in the early months of 1958. Agreements on 12 of the 19 projects included in the \$168 million Soviet line of credit to Syria were reported but ratification has been held up by the formation of the UAR. Aziz Sidky, Egyptian Minister of Industry, announced in April that all contracts under the \$175 million development credit to Egypt involving 65 projects would be signed by the end of May. Czechoslovakia has begun construction on a petroleum refinery in Syria under a credit of about \$10 million. The U. S. S. R. \$100 million loan to Indonesia was not ratified by the Indonesian Parliament until February 1958. The U. S. S. R. has already delivered 10 ships, totaling 23,000 tons, against this credit, and substantial quantities of military equipment have also been supplied by the bloc, presumably on credit. Negotiations with the bloc for additional ships are continuing. East Germany has completed a \$7.4 million sugar mill and a \$1.5 million Czech tire factory is expected to be finished this year, both on credit, while Communist China had begun deliveries of rice and textiles under a \$11.2 million credit. The bloc has completed several projects in Afghanistan—e. g., grain silos, a cement plant, road paving in Kabul, a flour mill-bakery complex, etc. More than half of bloc aid to Afghanistan under the \$100 million credit has been obligated for specific projects but as yet only a small portion has actually been expended. About \$290 million of the bloc credits to India have been obligated or drawn. The Bhilai steel mill now being constructed under two Soviet credits totaling \$132.3 million is scheduled to be completed in 1959. Agreements have been reached for five heavy industrial projects to be financed by a \$126 million Soviet credit and construction is to begin in 1959.

It should be noted that Sino-Soviet bloc aid has increased measurably, since the period covered by the State Department paper. For example, new aid agreements have been concluded with Ceylon, Yemen, Burma, Indonesia, and Afghanistan. With the exception of Yugoslavia, where performance has dragged, implementation of outstanding agreements has moved ahead on schedules generally satisfactory to the recipient country. (Other data on bloc performance on its aid programs can be found in letter to Senator DIRKSEN from W. K. Scott of ICA, dated January 15, 1958.)

No mention was made in the State Department paper of comparable United States aid to the 10 countries listed.

(b) Mr. Castle states that during the same years of 1956 and 1957 the United States provided nonmilitary aid to the Middle East and Asia amounting to more than \$2 billion, or more than 10 times the Soviet payoff.

Answer: The following excerpt, which was incorporated in Mr. Smith's reply to the House Foreign Affairs Committee with reference to a number of criticisms and allegations regarding the MSP, contained a general comparison of the Soviet bloc and United States aid to those Middle East and Asian free world countries which are recipients of Soviet bloc grants and credits:

The following table shows the estimated value of Sino-Soviet bloc credit and grant economic assistance to Middle East, Asian, and other free world countries compared with United States Government nonmilitary credits and grants to these countries, on a roughly comparable value and time period basis. Aid from the Sino-Soviet bloc rather than just the U. S. S. R. is given because this assistance is to a great extent coordinated by the U. S. S. R. or made available through satellites as "fronts"; the bulk is from the U. S. S. R. United States aid includes ICA nonmilitary aid (defense support, development assistance, technical cooperation), that portion of Public Law 480, title I, local currency made available for economic development and trade, Public Law 480, title II, assistance, and new Export-Import Bank credits for this period. The calculations are based on the period mid-1955 to January 31, 1958.

Sino-Soviet bloc credit and grant economic aid to Middle East and Asian free world countries compared with United States economic aid to these countries, mid-1955 to Jan. 31, 1958

[Estimated in millions of dollars]

	Sino-Soviet bloc	United States
Middle East and Asia.....	1,092	962
Afghanistan.....	136	47
Burma.....	42	24
Cambodia.....	22	96
Ceylon.....	20	11
Egypt.....	235	16
India.....	295	419
Indonesia.....	109	120
Nepal.....	13	7
Syria.....	194	0
Turkey.....	10	222
Yemen.....	16	0

The United States, of course, in addition provides substantial assistance to other free world governments in this area—Pakistan, Korea, Philippines, Taiwan, Vietnam, etc., and the Soviet bloc, in addition, provides substantial assistance to Communist as well as free world governments in the area—Communist China, North Korea, North Vietnam, etc. It becomes obvious that there are too many differences in the character, scope, and operation of the two aid programs to permit exact comparison in monetary terms in specific areas. There is no doubt that the United States program of aid to free world countries is much larger on a global basis, but it must be remembered that in certain countries of the free world, particularly in the Middle East and Asia, Sino-Soviet bloc aid is an important and growing factor, in some countries either approximating or exceeding our own. The central fact is that bloc aid, trade, and technical assistance to less developed countries has become an integral, effective, and growing part of Soviet diplomacy in carrying out its political objective to reduce the influence of the United States and its allies, to disrupt free world defense alliances, and to increase its own prestige and power.

Question No. 30: The charge has been made that the United States took the initiative in discussions with India concerning loans for the second 5-year plan. Is this correct?

Answer: No.

As originally drawn up, the second 5-year plan required substantial foreign assistance

for its completion, and it was known that the Government of India would explore possible sources of external aid. As the need for additional foreign assistance for its plan has become more acute, the Government of India has initiated talks with the IBRD, the United States, and other countries.

The success of the Indian development effort under a free world orientation continues to be of the greatest importance to United States security interests. The United States has, therefore, been concerned with the progress of India's development program and discussions with the Indian Government have been held in the normal course of diplomatic relations.

Questions Nos. 31 and 32: Is the ICA doing handstands to get rid of the \$300 million included in this year's budget * * * before double this amount is made available for the new fiscal year; has the administration called for the immediate availability of the \$625 million which Congress specified in the Mutual Security Act of 1957 could not be spent before the fiscal year 1958; and is the ICA attempting to spend these hundreds of millions far ahead of schedule?

Answer: The charges presumably refer to the \$300 million authorized by the Congress to become available for obligation by the Development Loan Fund in fiscal year 1958, and to the \$625 million which the Congress authorized for appropriation in fiscal year 1959.

The facts are these:

1. The DLF is a new organization established only this fiscal year by the Congress. Necessarily, therefore, time was required to develop minimal policies and procedures for initiating operations. Its initial funds did not become available until September of last year. The receipt of applications began toward the end of the year. It is reasonable, therefore, to expect the Fund's pace to accelerate as it emerges from its preparatory phase.

2. One of the basic reasons for the establishment of the DLF was the need to place development assistance on a basis which would obviate the need to obligate funds by a given date, say the end of a fiscal year. Congress therefore did not restrict DLF obligations to a particular period of time, in order to relieve the Fund from pressure to obligate its funds hastily. Therefore, the Fund is taking the time necessary to assure that the individual proposals before it are technically and financially sound, economically worthwhile, and reasonably close to implementation before obligating its funds. It is processing the more than \$2 billion in proposals before it as rapidly as the facts in each case permit.

3. At the present time, the Development Loan Fund has authorized loans totaling \$137 million and approved in principle an additional \$25 million. By the end of this fiscal year it is estimated that a total of \$220 million will have been authorized for lending and an additional \$80 million approved in principle.

The executive branch has at no time requested the immediate availability of the \$625 million already authorized in fiscal year 1959, nor is there any intention on the part of the executive branch to spend, as the writer puts it, or obligate this money ahead of schedule. Either course would be unlawful. If Congress appropriates the full \$625 million requested, it will not be possible under the law to obligate any part of those funds prior to the beginning of fiscal year 1959.

Charge No. 33: (a) Statement: "Our extreme vulnerability here (India) seems to me to be in the fact that what we are trying to do is unknown to 80 or 85 percent of the population and only known to at the most 15 percent of the population, the political leaders and educated people who manipulate or suppress this knowledge to suit their po-

litical motives of the moment. * * * Two facts may be accepted without question: India is determined to socialize or nationalize all industry as soon as possible, and there exist more offers of aid from sources other than the United States than India can possibly assimilate or accept."

Answer: The assertion that the political leaders and educated people of India manipulate or suppress knowledge of the United States aid program is not supported by any evidence.

India, as a democracy, has a free press, which has always carried news stories about United States aid to India. Official Indian Government publications give credit to United States assistance where appropriate. For example, the reports of the Estimates Committee of the Parliament recognize explicitly the role the United States had in helping to initiate the community development program in India. The Explanatory Memorandum on the Budget of the Central Government of India for 1958-59 contains throughout the document notations and references to United States assistance. Prime Minister Nehru, at the general conference of 200 mission personnel November 20, 1957, put it this way:

"We welcome your cooperation here, your assistance, your partnership in this tremendous adventure in India. We are grateful, not only today, but for the last many years, for the assistance in various ways which we have received from the United States."

We would not presume to guess how many people in this nation of almost 400 million people know about the United States aid program. Some 80 percent of the population live in rural and agricultural areas; perhaps 20 percent of the people are literate. We feel certain that some of the programs in which ICA has participated, such as community development and malaria control and eradication, are known to most of the Indian population literate or not.

(b) Statements: "India is determined to socialize or nationalize all industry as soon as possible. * * *"

"Why do we use the American taxpayers' money to accelerate nationalization of industry in India?"

"The time has passed when they can be converted to private enterprise and all we are buying is a minority interest or liability in a national policy that is ultimately headed for either economic chaos or communism."

Answer: Indian government industrial policy is not intended to bring about complete socialization of all industry. The private sector is permitted considerable scope for industrial development. For example, while the Government of India is building three steel mills, the private sector steel industry is carrying out its own expansion plans. The loan of foreign exchange provided for this private steel investment by the IBRD was guaranteed by the Government of India. Private sector capacity is being developed in a great number of industries; e. g., aluminum, ferromanganese, cement, industrial machinery, petroleum, and vehicle manufacture. The consumer goods industries are also being developed by the private sector. At the end of the second 5-year plan, the private sector is expected to account for 93-94 percent of all factory output.

United States aid is not promoting socialization of the economy. In fact, in the absence of significant aid, the ensuing economic chaos would be much more likely to cause a significant deterioration in the position of private enterprise, by producing conditions under which communism might succeed in assuming power in India. India has chosen a different economic path than ours. Most countries in the world have chosen to adapt their economic systems on their own lines, which frequently involve a greater degree of government participation

in economic enterprise than has been common in the United States. However much the United States might believe in the absolute advantage of the competitive free enterprise system for industry in promoting economic development, the presence or absence of this factor cannot become the sole criterion of whether it is in the United States interest to extend assistance to another country. In short, we provide assistance to free countries not because of the particular way in which their economies are currently organized, but because they are free and because, if we didn't provide this assistance, these nations would be more likely to lose their freedom to communism.

(c) Statement: "There exist more offers of aid from sources other than the United States than India can possibly assimilate or accept."

Answer: There is no basis for this statement. Obviously, India would not be cutting back on its development program—an action prompted by the \$1 billion loss in foreign exchange reserves suffered in the past 2 years—if India were being overwhelmed by offers of aid.

Question No. 34: "In the case of Yugoslavia and Poland, our aid dollars are not even buying a minority interest in a liability. They are actually reducing the liabilities of those who unqualifiedly support the men in the Kremlin and whose avowed purpose was and is to destroy us. Red Dictator Tito and Moscow's Polish puppet Gomulka, both openly boast that they are and will continue to be bedfellows of the men in the Kremlin. Yet, despite the pronouncements and actions of these two avowed Communists, new excuses are being found to pressure both the Congress and the American people into sending more hundreds of millions after the vast sums already wasted."

"Nehru, Tito, and Gomulka, are but three examples of how the American taxpayers could and should be saved hundreds of millions of wasted dollars, and these savings should be made now."

Answer: 1. Yugoslavia:

The economic assistance which we have provided to Yugoslavia under this program in recent years and that which we now propose serves one overriding purpose. It helps Yugoslavia to maintain its independent status. As the first Communist country to assert such independence of the U. S. S. R., Yugoslavia has exercised and continues to exercise an influence in Eastern Europe out of all proportion to its size.

The determination of Yugoslav leaders, moreover, to maintain their independence and to resist Soviet efforts to reassert domination over them has apparently not been shaken. This was demonstrated in November 1957, when the Yugoslavs refused to sign the Moscow declaration of principles issued on the occasion of the 40th anniversary of the Bolshevik revolution. It was demonstrated even more forcefully at the recent Yugoslav Party Congress in Ljubljana, where Tito and his colleagues defied Soviet attacks and a boycott of the meetings to approve a party program which had been sharply criticized as erroneous and inaccurate by Soviet leaders. The basic issue between Yugoslavia and the Soviet Union is of course Yugoslavia's refusal to accept Soviet domination. From this there have evolved, however, some rather liberal reforms (e. g. the breakup of collective farms and the introduction of workers' councils) which have had an influence on the thinking in other Communist countries.

In a word, the essential consideration which motivates our policy with respect to Yugoslavia and the mutual security program is not whether we agree with that country's political and economic philosophy but whether we want it to be able to stay independent.

Yugoslavia, currently engaged in a renewed struggle with the Kremlin, is sched-

uled to receive some further economic aid in the form of special assistance and a small technical cooperation program in fiscal year 1959. No grant military assistance is proposed. In December, at Yugoslav initiative, further deliveries of military aid were halted, and discussions were undertaken for the termination of the entire grant military assistance program. We do not exclude the possibility of some further sales of military equipment to Yugoslavia, however.

2. Poland: The United States Government believes, in view of the developments in Poland since late 1956, that it is mutually advantageous for the people of the United States and Poland to expand their economic relations. The October 1956 upheaval in Poland attracted world interest to the continuing struggle of the Polish people for freedom and independence. President Eisenhower, in an address before the United Brotherhood of Carpenters and Joiners at Washington on October 23, 1956, spoke of the Poles in the following terms: "A people like the Poles who have once known freedom cannot be for always deprived of their national independence and of their personal liberty." He further stated that our aim is "to help those freedom-loving people who need and want and can profitably use our aid that they may advance in their ability for self-support and may add strength to the security and peace of the free world."

The United States held talks with Polish representatives in 1957 and 1958 to discuss these economic matters and to consider, in particular, Poland's interest in obtaining United States agricultural commodities in surplus supply. The Polish Government has consistently stated during these discussions that it is not seeking grant aid. The Polish delegations have stressed Poland's desire for an expansion of normal economic relations with the United States, based on such credits and loans as might be available in this country. The United States delegation's objective in its study of the Polish proposals has been to determine ways and means by which the United States could respond and thereby help the Polish people.

The delivery in Poland of the commodities provided under the agreements concluded in 1957 has contributed to the improvement of stocks of grain in Poland as well as to improvement in the supplies of raw materials needed for certain Polish industries. During the recent economic discussions the Polish representatives assured us that the wheat which the United States sold to Poland under the Public Law 480 agreements of last year enabled the Polish Government to make over a 30 percent reduction in compulsory deliveries of grain. Under the recent economic agreement Poland will import an additional 400,000 tons of wheat to help build up Polish grain reserves. Sufficient grain reserves are a prerequisite for a further reduction in compulsory deliveries by the Polish Government. In the February 15, 1958, agreement, \$1 million has been set aside for the purchase of canned citrus products under the \$25 million line of credit extended Poland and administered by the Export-Import Bank of Washington.

The Polish Government has expressed its desire to make additional purchases in the United States under credit or local currency sales arrangements. The United States Government has indicated its willingness to discuss such additional purchases with the Polish Government at a mutually convenient date.

Question No. 35: Four years ago there were 9,793 persons on the Government's foreign aid payrolls. Today, there are 18,819 employed in our ICA, State and Defense Departments, to give our resources away. Yet Congress reduced the billions for foreign aid spending from \$6 billion in 1953 to \$3.5 billion for the current fiscal

year. With fewer billions to spend, why do we need twice the number of people to spend them?

If the ICA were to cut down on its field programs, reduce the number of bodies serving it in Washington and throughout the world, two things would happen: The rank and scale of pay of the great mass of officials would be dropped one or more grades, and the still greater mob of job-holders would be substantially reduced. Obviously this will never be done voluntarily by thousands of people who have become careerists and paymasters in the disposal of \$5 billion annually and who, as a group, never had it so good. Our Chief Executive and those who plead for him insist upon perpetuating and not reducing this wasteful and top-heavy bureaucracy.

It is true that there has been a sharp increase in personnel concerned with the Mutual Security program. This is not because the program needs "twice the number of people to spend * * * fewer billion." It is a measure of the changing character of the program.

The shift in the location of aid programs from Europe to less developed countries has called for increased emphasis on project aid and relatively less emphasis on nonproject aid or commodity import programs. Although amounts of money appropriated have been reduced, the need for personnel has increased. Project type aid and technical assistance require greatly increased technical advice as well as increased United States assistance in the planning and management of projects.

Also missions have been established in several newly developing countries, a larger number of detailed projects have been needed as well as more people to staff them.

The technical cooperation program accounts for approximately 86 percent of ICA's personnel strength but uses approximately 8 percent of total funds available for economic aid. Obligations of technical cooperation funds have continually increased from \$113 million in fiscal year 1955 to \$129 million in fiscal year 1957. The amount needed for technical cooperation in 1959 again shows an increase. Along with the increase in the amount of technical cooperation funds required has been the increase in the percentage of these funds utilized for the employment of United States personnel. In fiscal year 1954, this percent was 17.9. By 1957, it had increased to 25.

It should be emphasized that the countries in which ongoing programs have been expanded, as well as those in which new programs have been undertaken, tend to be newly developing nations. These do not have enough economists, engineers, and technicians to plan and supervise projects and are short of business facilities to carry on required commercial transactions. Such scarcities make necessary relative larger numbers of ICA staff, as technicians, programmers, and auditors. Moreover, there is little or no opportunity to rely on the host country for support activities such as guarding, driving, or maintenance or to procure such services by contract. It simply requires more staff to carry on ICA operations in countries which are only beginning their development programs than it does in countries which have a long history and demonstrated competence in economic development activities.

It is implied that the reduction of field programs bears a direct relationship to reduction in the numbers of personnel required to carry them out. As indicated above, this relationship does not obtain. ICA programs of economic and technical aid are developed jointly with host governments; consequently, the nature of the projects as well as the numbers and types of personnel required to implement them is not something determined entirely by ICA.

The pay scales of ICA personnel are provided for in legislative acts of the Congress. Salaries paid are related to the degree of difficulty of the jobs to be performed and to the level of training and experience of the incumbent and are not dependent upon the size of the ICA organization. ICA attempts to fill the requests of cooperating countries for high-level specialists who are required to demonstrate how the basic wants and needs of the population for food, clothing, and housing can be met. As the country develops and our programs advance ICA attempts to supply assistance in such complex fields as taxation, public administration, engineering services, and the like. Technicians capable of being of real service in these fields must be experienced, mature people. Their salaries do not depend on the numbers of people supervised.

Charge No. 36: (a) "Perhaps too many of us are under the erroneous impression that the Government's perpetual spending for foreign aid is very far away in terms of our own personal economy. But in reality, this is not so. Foreign aid is much closer to our everyday life than most of us realize. Year after year, since the end of the war, our foreign-aid expenditures represented our deficit financing. Now there are the added dangers of the national debt already revised and the return to a deficit economy. To continue the annual spending of more than \$5 billion (which includes our food giveaway of 1 billion annually) will make impossible for many years to come a balanced budget with sufficient surplus to provide tax reduction for millions of middle-bracket Americans, who are sadly in need of such assistance."

(b) "Those who clamor for more foreign aid never mention the fact that our giveaway program has already cost us twice as much as all social security benefits, plus aid to the needy, aged, blind, and disabled. And it has cost 3 times as much as all farm programs since the war and 7 times as much as all atomic-energy projects."

(c) "The \$70 billion total for foreign-aid spending, which we are now approaching, is the equivalent of one-fourth of our present national debt. The cost of servicing this portion of the debt now approximates \$2 billion annually, or one-fourth of the total interest charge. This is a continuing expense."

Answer: (a) The public debt of the United States rose from \$252.3 billion on June 30, 1948, to \$270.5 billion on June 30, 1957, a net increase of \$18.2 billion. It is not possible to attribute any one part of the increase in the public debt to a particular type of expenditure of the Federal Government. It should be observed, however, that during the 3-year period of heavy expenditures in connection with the Korean war, December 1950 to December 1953, the national debt rose from \$256.7 billion to \$275.2 billion.

(b) The expenditures of the Federal Government for the several programs cited for the period July 1, 1948, through June 30, 1957, are as follows:

Billion

1. Social security benefits plus aid to the aged, blind, and disabled.....	\$59.2
2. Farm programs.....	26.4
3. Atomic energy.....	13.1

The cost of the mutual-security program from April 1948 through June 30, 1957, is as follows:

Billion

1. Military Assistance (grants).....	\$20.1
2. Economic Assistance (grants and loans).....	22.5
Total.....	42.6

(c) It is possible to relate mutual security expenditures to total Federal expendi-

tures during the period and then prorate part of the increase to the mutual-security program. During the period from July 1, 1948, through June 30, 1957, total budget expenditures of the Federal Government were \$531.1 billion. For the same period, the cost of the mutual-security program (military and economic) was \$42.6 billion. On a pro rata basis, the mutual-security program accounts for 8 percent of total Federal Government expenditures. On this basis, about \$1.5 billion of the total debt increase of \$18.2 billion is accounted for by the mutual-security program.

Mr. DIRKSEN. Mr. President, I think this is a good place to summarize. I shall take only a brief time, because I understand we shall vote on one amendment tonight.

Here is the list:

The No. 1 charge, with respect to the President's second inaugural address, is cataloged as a piece of misinformation.

The NATO meeting significance is described as misinformation on the part of Mr. Castle.

The Marshall plan cost is pegged as an error in his facts.

The charge of misuse of foreign aid money is ascribed as an error in Mr. Castle's facts.

Luxury imports for recipient countries. That is a recognized problem which has not been fully solved.

Public works projects under foreign aid. It is a matter of judgment as to whether they are worthwhile.

Sexual habits survey in India. That has nothing to do with the mutual security program.

Pensions for Chinese soldiers. That is labeled by ICA as misinformation.

Pakistani fishing industry support. That is wholly a matter of judgment. I think I could make a rather extended statement, Mr. President, about supporting the fishing industry in countries where there is warmth and where there is no refrigeration. The diets are based upon carbohydrates, and the proteins which are derived from the fishing industry could do wonders toward helping ameliorate the poverty and hunger of many people. That is put down as a matter of judgment.

The wheat surplus disposal program affecting Canada. That is not a part of the mutual security program.

The Vietnam military highway. That is described by ICA as an error in Mr. Castle's facts.

The Lebanese wild grass shoots. That is cataloged as misinformation.

Iranian threat to seek Russian help. That is cataloged as misinformation.

The airfields in Afghanistan. That is a question of judgment.

Electronic microscopes for the Philippines. That was an error which has been corrected.

Laos program irregularities. Very freely ICA says this is recognized as a problem and is not fully solved. I took the trouble to read the long articles in the Wall Street Journal on that subject. I am rather unhappy about what is happening in Laos. I recognize the difficulties, and particularly the difficulties in effecting a cure.

No. 17 is the allegation with respect to the highway in Thailand, or ancient

Siam. ICA says that is simply misinformation on the part of Mr. Castle.

Dress suits for Grecian undertakers. That is cataloged as fiction.

Baths for Egyptian camel drivers. That is listed as a matter of judgment. The interesting thing about baths for the camel drivers is that I suppose the camel drivers develop a rather unhappy fragrance of their own. There was a water project in Egypt, and somebody suggested, as I recall—we will put all the data in the RECORD—that perhaps for a very small investment a few shower-baths could be provided. The project would not cost much, and it was thought not only the camel drivers but perhaps the camels could get a little sprinkling of water in a country where water is extremely scarce. If one has any doubt, I suggest he travel up and down Egypt sometime. ICA says that project is a matter of judgment. I think it is. But to see a headline, "ICA Builds Baths for Camel Drivers in Egypt" causes one to have visions of oceans of marble to which camel drivers resort to take a bath and to utter their prayers, with sounds from the minaret. It is easy to spread these mistaken concepts abroad.

Airplane rides for Arabs to Mecca. That is a matter of judgment. But the riders paid. ICA says those people paid the commercial rate, as I recall. That is a fact stated in the data I submitted, and asked to have printed in the RECORD. After printing it will look like a very long speech for me. I have gotten out of the habit of making long speeches.

Operatic singers, weightlifters, and jazz bands sent abroad. ICA says that was not an ICA program at all.

The Uyeno black market. That is not a mutual-security program.

Prosperity of the Philippines: That is a matter of judgment. I saw one project there, Mr. President, which I do not dare describe on the Senate floor, I was so incensed when I saw it. There was a certain hilarity about it. It involved the orange and blue "Chick Sales" which are built in the Philippines. You know what a "Chick Sales" is, Mr. President; or, if you do not, I am not going to tell you. That was an engaging business before we got through, but it did not make me very happy.

There has been some waste; there has been some extravagance. Nobody defends such things, but an entire program should not, and cannot, be indicted on the basis of misinformation, fiction, and partial truths, and those who make the charges ought to know better.

Knitting school: That was not a part of the mutual-security program.

Modern-art exhibits: That is cataloged as not a part of the program.

Flower - reproduction survey: Mr. President, about the only hobby I have is raising a few flowers. I plant a seed and wait for the Lord to send sunshine and rain so it will germinate. From such things I get the biggest thrill any human being can get. To coax a rose out of a stalk or a beautiful flower out of a little seed is very gratifying. I think perhaps the flower-reproduction survey might appeal to me. ICA says that is sheer misinformation on Mr. Castle's part.

Korean theft of aid shipments: ICA says Mr. Castle is simply mistaken as to the facts.

Use of military equipment in Algeria: That is a question of judgment. I believe I talked to General Gruenther about that in the headquarters in France, about the time it was happening. A pretty difficult situation arises, Mr. President, when one is up against the gun. A question of judgment is involved. ICA does not dispute it, but everything is done as honorably and as candidly as possible.

Soviet-bloc aid amounts: That is listed as misinformation on Mr. Castle's part by ICA.

The Indian second 5-year plan: ICA says Mr. Castle is wrong about his facts.

Development-loan fund, \$300 million: As described, ICA says that is simply a lot of fiction.

ICA spending ahead of schedule: ICA says that is misinformation on Mr. Castle's part.

Indian publicity of United States aid. That is listed as a matter of judgment.

Aid to Poland and Yugoslavia: That is listed as a matter of judgment, and it is, Mr. President. I remember standing on this floor last year when our very distinguished minority leader took a position contrary to my own, as did the distinguished chairman of the Republican policy committee. That is never a very happy situation, but we differed honorably and we differed honestly as to what should be done. One of the unfortunate things was that I could not tell the whole story to defend a certain position because so many of the facts were at that time confidential. ICA says that items is a matter of judgment, and certainly it is.

Increase in ICA personnel. ICA says Mr. Castle is misinformed.

Cost of foreign aid. ICA says there is an error in Mr. Castle's figures.

That is not a very good score, Mr. President, for a man who writes a magazine article which goes into all sections of the country, which is read and quoted from very freely, and which comes back to the desks of Members of this body in the form of letters.

Before I close this rather sketchy statement, Mr. President, I should like to submit for the RECORD eight other observations relating to other criticisms which have been made, such as the item discovered in Defense Department assets, obviously by the General Accounting Office, in the sum of \$363 million, which should not have been there at all. I have the answer. It comes from the Defense Department. I think the entire answer ought to be printed in the RECORD, so I ask unanimous consent that it be printed at this point in my remarks.

There being no objection, the question and answer were ordered to be printed in the RECORD, as follows:

Question CD 1: While making a routine check of the Defense Department's assets, Mr. Campbell discovered an item of \$363 million that should not have been there at all. It was part of the 1954 military-aid appropriation which had never been used and had never been reappropriated. By rights, it should have reverted to the Treasury, and so Comptroller Campbell vigorously advised the Congress.

Answer: The item referred to arose out of the complex process of implementing section 1311 of the Supplemental Appropriation Act of 1955, which was the first comprehensive statutory definition of a recordable obligation. That act was approved August 26, 1954, almost 2 months after the end of fiscal year 1954. It was made retroactive, however, so as to apply to obligations as of the end of 1954. The item referred to consisted of obligations which were valid according to standards in effect during and at the end of fiscal year 1954 and represented actual obligations and liabilities of the Government, but which did not meet the new standards established by section 1311.

The drafting of regulations implementing section 1311, and securing of Comptroller several months. Obligation accounts for General approval of these regulations took military assistance were brought largely into compliance with section 1311 by the end of fiscal year 1955. Errors, which admittedly affected the 1954 obligation balances, have automatically been removed by the process of disbursement and the application of the new standards in the certification of later obligation balances.

Also the size of unexpended balances in 1954 was in part responsible for executive branch action taken in the summer of 1955 to reduce the request for funds for fiscal year 1956, and reportedly for reductions in funds for fiscal year 1956 made by the Congress. Complete information about unexpended balances, obligated or unobligated, has always been made available to the Congress, and it must be assumed that any error in 1954 obligation accounts has been taken account of in the appropriation of new money. Any lapsing of funds due to the application of more stringent standards in the definition of obligations would simply have required a larger appropriation of new funds, or reappropriation of unobligated funds.

Mr. DIRKSEN. Then there is the Comptroller General's report, which underscored that United States military aid objectives in many allied countries were unrealistic and financially unsound. I have here the opinion of General Twining and others, men of competence and men who were expert in the field. They ought to know what the score is. I prefer to let their answer speak for them and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the question and answer were ordered to be printed in the RECORD, as follows:

Question CD 2: His report underscored that United States military aid objectives in many allied countries were "unrealistic" and financially unsound.

Answer: The objectives to which the Comptroller General's report referred are military force objectives.

Force objectives are the military force levels of allied nations that the United States believes desirable to be developed and maintained to contribute to United States security and the common defense of the free world. These force objectives do not commit the United States to a specific or even a general amount of military assistance. The degree of support provided through MAP and accomplishment of these force objectives vary, depending on many factors. Force objectives are established upon the recommendation of the Joint Chiefs of Staff and are, at the point of time when they are approved, the most realistic formulation of military objectives that can be made by the executive branch.

General Twining has commented on the allegation that force objectives are "financially infeasible," as follows:

"The present system of establishing force objectives and furnishing support provides for flexibility and is responsive to United States strategic planning. Institution of a system based primarily on fiscal considerations would tend to reverse the latter advantage by making United States strategic planning dependent on assistance rendered Allied Nations to an unwarranted degree." (Hearings on Mutual Security Act of 1958 before the House Foreign Affairs Committee, p. 77.)

Mr. DIRKSEN. The charge is made that the country sent to some allies more weapons than they could use, and failed to "recapture" the weapons for allocation to allies suffering a shortage. The answer is here. Anyone who is interested need only examine the documentation.

I ask unanimous consent that the memorandum on this subject be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

Question CD 3: It further stated that this country sent to some allies more weapons than they could use and failed to "recapture" the weapons for reallocation to allies suffering a shortage.

Answer: The Comptroller General's finding was that "comparatively little equipment which, in the opinion of the United States, is no longer required for the purposes for which it was furnished has been recaptured and redistributed to other recipients." As the Comptroller General pointed out, differences in opinion and standards as to when material is no longer needed for the purposes for which it was furnished, make the recovery process complex. Nevertheless steps have been taken to facilitate and increase recovery of excesses.

DOD has provided policy direction under DOD Directive No. 2110.4, dated December 7, 1956, for redistribution of excess MAP property which has been reported as excess to the MAAG's by the foreign country. This directive calls for increased effort on the part of the MAAG's, clarifies and supersedes a 1953 directive on this subject, and revises and strengthens reporting procedures.

The new programing guidance emphasizes that items will not be programed from supply to fulfill deficiencies in one military department of recipient countries when there are excesses in the same items in other military departments.

Where necessary, consideration will be given to amending existing agreements with MAP recipient countries so that additional information can be obtained on excesses, and to set forth the conditions for its return to United States control.

Mr. DIRKSEN. With respect to question No. 4, the Comptroller General stated that the Army and Air Force had failed to provide adequate accounting and reporting on the supply and delivery of military aid, and it was recommended that our military aid program be put on an austere basis within the demonstrated capability and willingness of the recipients.

Very well. Here is the answer from the military. It will speak for itself. I ask unanimous consent that this memorandum be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

Question CD 4: The Comptroller General also stated that the Army and Air Force had

failed to provide adequate accounting and reporting on the supply and delivery of military aid and it recommended that our military aid program must be put on an austere basis within the demonstrated capability and willingness of the recipients.

Answer: The Comptroller General has stated that his office's investigations have revealed no evidence of fraud or misappropriation in the administration of the military assistance program. The inadequacy noted in Army and Air Force accounting and reporting procedures related to management control, not to honesty of administration.

The Department of Defense, with General Accounting Office cooperation, is presently studying alternate recommendations to change the point at which transactions are recorded and reported, in order to make reports more useful and accurate. Other recommendations made by a working group established by the Assistant Secretary of Defense (International Security Affairs) have already been adopted. For example, a mechanized supply report is being designed which will eliminate inaccuracies and increase timeliness.

Military assistance is presently conceived on an austere basis. The Comptroller General's statement was that increased efforts should be made to develop annual requirements on an austere basis, to insure that the program as implemented reflects consistently the conception of it as an austere program. It must be recognized that the military assistance programming process involves consideration of a number of complex factors, political, financial, and economic, as well as military, which concern several agencies. There have been isolated instances when conditions at the time of delivery of military assistance items have differed from what was expected when the program was planned so that deliveries have appeared excessive for an austere program. Such situations have been only temporary, however. Furthermore, improvements in programming procedures and in the collection of information on the basis of which programs are developed, have been made, which reduce the likelihood of such situations, even temporary, in the future.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have various additional memoranda on a number of questions printed in the RECORD at this point as a part of my remarks.

There being no objection, the memoranda were ordered to be printed in the RECORD, as follows:

Question CD 5: The committee reported that military assistance is often granted for political rather than strictly military reasons, i. e., large sums are wasted in order to feed the vanity of some foreign politicians and keep them happy rather than to strengthen the recipient nations.

Answer: The Mutual Security Act provides that "It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self defense." Therefore, in order to promote United States foreign policy objectives diplomatic and political considerations are taken into account in all military-assistance planning. This does not mean that these considerations often dominate and outweigh military considerations, or that countries get arms which might not be able to furnish a single soldier for the free-world cause. It does mean that in certain special cases military aid may be furnished to a country even though its military forces do not play a significant part in United States strategic planning.

It has occasionally been necessary to provide some support for forces not considered essential by the United States in order to accomplish certain political objectives which override strictly military considerations. Support which has been provided primarily for political reasons has been the result of commitments made on a government-to-government level through diplomatic channels.

Question CD 6: Planes, it was cited, are delivered without anyone to fly them, motor vehicles without gasoline to run them.

Answer: Military assistance programs are based upon joint planning by the United States and recipient countries. Such planning involves the phasing of United States delivery schedules with recipient country activities, such as training, required to make immediate use of equipment delivered. In some cases plans made in good faith fail to materialize, and a temporary excess of United States deliveries may result.

For example, in Japan, aircraft were scheduled many months in advance of the projected dates of shipment to coincide with the planned pilot training program. Due to slippage in the country's pilot-training program, it was found necessary to place the aircraft in storage. Since it was more economical to store them in Japan at that country's expense rather than to store them in the United States, the aircraft were shipped to Japan. As the necessary pilots are trained, the aircraft will be put to the use intended.

The basis of the allegation that motor vehicles are delivered without gasoline to run them is not known. However, POL shortages have been a very real, although temporary, problem in many countries that do not have sufficient resources to maintain their own forces without the benefit of outside assistance. Where such deficiencies exist, we work with our allies to correct such shortages in order to bring their forces to optimum effectiveness. In some instances, this may require United States grant-aid assistance for POL, while in other cases it may require increased amounts budgeted for POL products by the recipient country.

Question CD 7: The United States was charged for rental of \$112 million worth of machine tools we had given to Great Britain.

Answer: A joint Defense-State-General Accounting Office staff group was established to study the above matter as well as the general question of no profits and visited Europe during the period January 15 to February 9, 1958. In its report it was recommended that the United States Commander in Chief, Europe, pursue with the United Kingdom Government the assessment of past charges for machine-tool rentals included in offshore-procurement contract prices.

Apart from, but generally associated with, the no-profits subject, the question arose as to the propriety of allowing, as an element of cost in contracts with private corporations, charges for payment to foreign governments for the rental of Government-owned machine tools originally provided by the United States under an earlier aid program. This is a significant problem only in the United Kingdom. Such charges are consistent with United Kingdom Government accounting practice with respect to all Government-owned machine tools, regardless of source. The United Kingdom Government has agreed to exclude such charges from all future contracts and to examine the feasibility of determining the amount of such charges in past contracts. The study group found that United States commander, in chief, European Command, is actively participating with the United Kingdom Government in this examination and concluded that the action taken by commander in chief, European Command, to date is sound and should be continued.

(The above is set forth in the 22d report by the Committee on Government

Operations, H. Rept. No. 1610, dated April 16, 1958.)

Question CD 8: The committee learned that a given country may receive arms funds even though it may not be able to furnish a single soldier or jet pilot should war come.

Answer: No country receives arms funds under the military assistance program. Funds are spent by the United States Government, mostly in the United States, to purchase materiel or pay for services, which are furnished in kind to military assistance recipients. All such recipients have agreed and are able to use the assistance furnished to strengthen the collective security of the free world. In no case has equipment been provided without the assurance that it will be used for the purpose for which intended.

Mr. DIRKSEN. Mr. President, I conclude these remarks pretty much as I began. We honored the Unknown Soldier of World War II and the Unknown Soldier of the Korean conflict in the rotunda. Hundreds of thousands of our fellow citizens paid homage to their memory for the sacrifices they made for the Republic.

Included among those hundreds of thousands were many fine young Americans. In line with my puzzling over the question, who could help but wonder whether one of them might become the fourth Unknown Soldier. There is upon this generation a tremendous responsibility to leave nothing undone within the realm of reason to make sure that such awful things do not recur.

We hope that the three Unknown Soldiers who sleep in peace on the hill overlooking the Potomac may not have to be joined by a fourth young American in our generation or some subsequent generation. To prevent such an event, we must reexamine every component of our strength. Not the least of those components are those who are willing to associate with us, who are willing to offer their manpower if we are willing to contribute a little of that with which the Lord has blessed this country, to put weapons in their hands. It is not asking too much.

This Chamber will fairly resound with discussion to the effect that thus far we have spent \$54.8 billion on this program in 10 years. That would average about \$5½ billion a year. In the last year of World War II, when I was a member of the House Appropriations Committee—and the RECORD will bear me out—we appropriated \$114 billion to prosecute that conflict. One hundred fourteen billion dollars is twice as much as the entire cost of the foreign-aid program for a 10-year period. We appropriated twice as much in a single year for weapons of destruction as we have spent on this program.

If, within the frame of that equation, there are those who think that money was mispent, I have no answer. I have been criticized freely. I have been maligned, and nearly every condign implication has been flung at me at one time or another. It has been said that I have changed my mind, that I have "weas-eled." It may be so. But Mr. President, I have never weasled and I have never changed my mind with respect to one thing, and that is a conviction and a principle which I brought to Washington in 1933. I have neither forsaken nor abandoned it since that time.

I refer to my devotion to an ultimate cause, the cause of peace, the ultimate cause which I think we must finally achieve through a reconstruction of individual thinking in order to create a new social order in the world. Pending that happy result, we should maintain our strength, because it begets respect; and in that framework of respect we should have associated with us some peoples on the perimeter of freedom who are willing to offer their young men if we will spend money for and send them some weapons. It is not too much to ask.

If we put the question up to the American father, the American mother, the American wife, the American sweetheart, or the American young man whose life must necessarily be completely distorted if he must go into uniform and be hauled to some far off battlefield if we should be embroiled in a conflict—which God forbid—I think they will understand on which side of the equation to stand.

Mr. President, I expect to support the bill. I do not know about the amendments. I understand there will be about 25 amendments. Perhaps not all of them will be offered. I shall evaluate every one of them from the standpoint of whether or not it would continue to make this a program devoted to the security and survival of this, the greatest, finest, freest Republic on God's footstool. If the amendments meet that test, I am ready to support them. If they do not, I am ready to stand up and oppose them, and vote to defeat them.

With that, I yield the floor.

The PRESIDING OFFICER (Mr. CLARK in the chair). With respect to House bill 12181, the unfinished business, the question is on agreeing to the committee amendment, which strikes out everything after the enacting clause and inserts a substitute.

Under the Senate precedents the substitute is considered, for the purpose of amendment, as the original text. Therefore any amendment thereto is in the first degree, and is therefore itself subject to amendment.

Mr. PROXMIRE obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. PROXMIRE. I yield.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. In order to make sure that we be sure what will be included, it is my understanding that the committee amendment is regarded, for purposes of amendment, as original text, so that any amendment to it will be in the first degree.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. DIRKSEN. Is my understanding correct, that the new language includes the Kennedy amendment?

The PRESIDING OFFICER. It includes everything that is in the committee amendment; and the Chair is not advised as to whether or not the Kennedy amendment is in the committee

amendment. The Chair understands that it is.

Mr. DIRKSEN. I understand that it is in the committee amendment.

Mr. President, I should like to reserve decision on this question until those who have a particular interest in it, including our distinguished minority leader [Mr. KNOWLAND] and the Senator from New Hampshire [Mr. BRIDGES] can be present. They have indicated to me that they would not care particularly to consent to the committee amendment until they had a better understanding of what was intended with respect to the Kennedy amendment. I understand that it can be stricken by amendment.

The PRESIDING OFFICER. It is the understanding of the Chair that at this point nothing has been agreed to. At the suggestion of the Parliamentarian the Chair made the preceding statement to clarify the parliamentary status.

Mr. DIRKSEN. I thought we were being asked to agree to the committee amendment.

The PRESIDING OFFICER. The Chair is putting no question to the Senate at this time; but since an amendment is about to be offered by the Senator from Wisconsin [Mr. PROXMIRE], it seemed advisable to the Parliamentarian and the Chair that the exact parliamentary status should be stated by the Chair.

Mr. PROXMIRE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. On page 34, beginning with line 12, it is proposed to strike out down through line 21 and insert in lieu thereof the following:

SEC. 3. Title I, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to military assistance, is further amended as follows:

(a) Strike out subsection (a) of section 103 and insert in lieu thereof the following:

"(a) There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended."

(b) Add the following new sentences to section 105 (b) (4): "The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American republics."

On page 34, beginning with line 22, it is proposed to strike out down through line 2 on page 35 and insert in lieu thereof the following:

SEC. 4. Title I, chapter 3 of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended by striking out subsection (b) of section 131 and substituting the following:

"(b) There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended."

Mr. McNAMARA. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. McNAMARA. I suggest the absence of a quorum. It is my intention to have a live quorum call.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Michigan for the purpose of suggesting the absence of a quorum?

Mr. PROXMIRE. I yield for that purpose.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

Aiken	Hayden	Monroney
Allott	Hennings	Morton
Beall	Hickenlooper	Mundt
Bennett	Hill	Neuberger
Bible	Holland	Pastore
Bridges	Humphrey	Payne
Bush	Jackson	Proxmire
Byrd	Javits	Purtell
Capehart	Jenner	Revercomb
Carlson	Johnson, Tex.	Robertson
Carroll	Johnston, S. C.	Saltonstall
Case, N. J.	Jordan	Schoeppel
Case, S. Dak.	Kefauver	Smathers
Clark	Kennedy	Smith, Maine
Cooper	Knowland	Smith, N. J.
Cotton	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Symington
Dworshak	Magnuson	Talmadge
Eastland	Malone	Thurmond
Ellender	Mansfield	Watkins
Ervin	Martin, Iowa	Williams
Frear	Martin, Pa.	Yarborough
Gore	McClellan	
Green	McNamara	

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Louisiana [Mr. LONG], the Senator from Oregon [Mr. MORSE], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from Nebraska [Mr. HRUSKA], the Senator from New York [Mr. IVES], the Senator from Michigan [Mr. POTTER], and the Senator from Minnesota [Mr. THYE] are absent on official business.

The Senator from Maryland [Mr. BUTLER] and the Senator from Nebraska [Mr. CURTIS] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

Mr. PROXMIRE. Mr. President, at this time I wish to make a brief statement in regard to my amendment which is lettered "B."

Mr. JOHNSON of Texas. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield.

Mr. JOHNSON of Texas. As I understand, the distinguished Senator from Wisconsin desires to have the yeas and nays ordered on the question of agreeing to his amendment.

Mr. PROXMIRE. I do.

Mr. JOHNSON of Texas. Will the Senator from Wisconsin ask for the yeas and nays now, so that all Senators may be on notice?

Mr. PROXMIRE. Yes.

Mr. President, on the question of agreeing to my amendment lettered "B," I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Wisconsin yield further to me?

Mr. PROXMIRE. I yield.

Mr. JOHNSON of Texas. Let me inquire how long the distinguished Senator from Wisconsin expects to discuss the amendment.

Mr. PROXMIRE. For less than 10 minutes.

Mr. JOHNSON of Texas. Very well.

Mr. President, I ask all Senators to be on notice that at the conclusion of the discussion of the amendment, there will be a yea-and-nay vote on the question of agreeing to it; and we hope the vote will be reached at a reasonably early hour.

Mr. PROXMIRE. Mr. President, the amendment was offered in the Foreign Relations Committee by the distinguished Senator from Montana [Mr. MANSFIELD] and the distinguished Senator from Minnesota [Mr. HUMPHREY].

A similar amendment was offered last year and was accepted by the Foreign Relations Committee and adopted by the Senate, but failed of adoption in the House.

What the amendment does is to place military assistance and defense support under the Defense budget. The amendment does not affect in substance the foreign aid program or the mutual security program. However, it seems to me this change is extremely important for the future of our military assistance program and for economic aid, too.

First, I should like to establish the fact that this amendment is desired by the administration. I quote first the Secretary of Defense, Mr. McElroy, in reply to a question asked by the Senator from Arkansas [Mr. FULBRIGHT]. The Senator from Arkansas asked the following question:

Last year the administration asked for continuing authorization for military assistance and defense support so that appropriations could be included in a separate title of the Department of Defense appropriations bill.

No such request was made this year. What led the administration to change its mind on this point?

Secretary McElroy. I do not believe that the administration changed its mind. This is a matter of tactics. It was proposed last year. We would favor it now. But since it was turned down last year, it seemed to us not appropriate to raise the question again. It seemed to be simply raising time after time a question which presumably the Congress had settled contrary to the administration view. We would say again, however, Senator, that this is of sufficiently vital importance in our judgment in our overall military position around the world that we would be very glad in the Department of Defense to include it in the Defense budget, and to defend it as part of that budget.

In the second place, the distinguished Secretary of State, John Foster Dulles, also thinks this amendment should be approved. I will quote the reply which Secretary Dulles made to the question of the Senator from New Jersey [Mr. SMITH]. The Senator from New Jersey asked this question:

Mr. Dulles, when Secretary McElroy was here, he testified that he would favor a continuing authorization for military assistance

and defense support, as was requested by the administration last year. The administration did not renew that request this year. Was that because there was opposition to it last year in the Congress?

Secretary DULLES. It was because, Senator, there was opposition, and that opposition seemed to be so formidable that it was something to which the administration felt it had to pay heed because it did not seem likely that the views which prevailed last year would change this year.

Personally, I think that at least the item of military assistance had better be under a continuing authorization in the Defense budget, but there seemed to be such opposition to that that we did not attempt to ask for it again this year.

My final witness is Mr. Dillon, of the Defense Department, who made this statement:

The military-assistance program here is a direct part—is directly connected with the budget of the Department of Defense. We feel it is an integral part of their budget, at least of their planning, and if they do not have these funds, they would have to make other provisions which would be much more expensive in their own military planning.

Furthermore, the Committee on Foreign Relations, in its own very excellent report on the bill, justifies, in very large part, the two-thirds of the Mutual Security Act that constitutes military assistance and defense support strictly on the basis of its military value.

It seems to me the arguments which have been made by the Senator from Illinois [Mr. DIRKSEN] and the Senator from Minnesota [Mr. HUMPHREY], as well as by other Senators, in support of foreign aid have in very large part boiled down to the enormous importance of such aid to the defense of this country.

It certainly is more honest to the American people if we tell them that is the purpose of military assistance, and that is the purpose of defense support, which, of course, is essential if we are going to have military assistance. Also, it puts our foreign economic aid into proper dimensions. There is virtually a \$4 billion request from the administration, and \$1,300 million of that request is really for economic assistance. I believe the American people can understand that. I think they are confused by a most unfortunate bookkeeping system which is in effect in our foreign aid program.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MANSFIELD. I commend the Senator for offering the amendment, which I think is a good one, and which I think should be adopted.

As the Senator has pointed out, in the testimony given by Secretary of State Dulles, Secretary of Defense McElroy, and Deputy Under Secretary for Economic Affairs, Mr. Douglas Dillon, they all said, when asked the question, it ought to be in the Defense budget. The Senate last year thought it should be; but because of opposition on the part of the House to the Senate action, it was felt unwise at this time to press the issue.

As the Senator has pointed out, 2 years ago 85 percent of the entire for-

ign-aid program was in military aid and defense support. This year I think the figure, on the basis of the administration request, is 67 percent of the entire foreign-aid request. I think it would be a good thing for the country if the people really understood what foreign aid is; that 67 percent of the appropriation goes into the field of military aid and defense support, and that the other 33 percent goes into economic aid and aid related to things economical. If we could get military aid and defense support into the Department of Defense, and all the rest of the foreign-aid program into the Department of State, and liquidate ICA, I think we would be doing the administration a favor. We would have a better and more efficient and more businesslike operation, and we would have military aid and defense support where it belongs, and economic assistance in the State Department, where it belongs.

At the same time we would get rid of an agency for which I do not think there is any need. These two factors, the economic and military factors, can, should, and must be administered respectively—if not this year, certainly eventually—by the Department of Defense and the Department of State.

I want the Senator to know I am in wholehearted accord with his proposal, and I intend to support it.

Mr. PROXMIRE. I thank the Senator from Montana.

The PRESIDING OFFICER. Let the Senate be in order, so that the Senator from Wisconsin may be heard.

Mr. PROXMIRE. I thank the Senator from Montana, who is such an outstanding expert on foreign relations and who has had such an extensive opportunity to judge how the program can best be administered.

The Department of Defense is indeed more competent to judge the military aspects of the program. This is a military program. It involves tanks and planes. It involves the paying of soldiers, in some cases in foreign countries. It is a military program and not a program for our State Department.

Furthermore, the Department of Defense is certainly in a far better position to defend the program on the basis on which it seems to me it should be defended; that is, as a program in the interest of the defense of America.

I should like to say, finally, the Defense Department should be made to justify the program in terms of its own needs. There have been some very eloquent and persuasive statements made by the distinguished Senator from Illinois [Mr. DIRKSEN] about how much less expensive it is to have a soldier from South Korea or from some other allied country help to defend us. I think that is correct, but I believe it is an evaluation which cannot be made by people in the State Department, no matter how competent. That evaluation must be made by a military expert.

I should also like to point out that such a procedure would permit foreign aid to be defended as it should be defended. It seems to me we would thereby eliminate much of the accusation

against the foreign aid program to the effect that it is a giveaway program, that we are "Uncle Sap" or "Uncle Sugar." It would then be possible for us to have the kind of foreign aid program we need.

So far as the future is concerned, Mr. President, it seems to me we are considering an extremely important amendment. The amendment would not change the substance of the bill at all. The amendment would simply make it far easier in the future to defend the foreign aid program as it should be defended, on its merits.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from North Dakota.

Mr. LANGER. I am anxious to know who is opposed to the amendment.

Mr. PROXMIRE. I am sure before we finish the opponents to the amendment will be heard. I do not know of anyone in the administration or of anyone in private life who has said he would oppose the amendment. I am sure the opponents of the amendment will be heard in the next few minutes.

Mr. LANGER. In the testimony, which the Senator has before him, was any opposition demonstrated?

Mr. PROXMIRE. I could find no opposition set forth in the hearings.

Mr. MORTON and Mr. CARROLL addressed the Chair.

Mr. PROXMIRE. I yield first to the Senator from Kentucky.

Mr. MORTON. Mr. President, I would normally be inclined to follow the committee recommendation in such a matter. In 1954 I started this program in the Department of State and worked for it unsuccessfully during the remainder of my tour of duty, in which time I had some responsibility for putting the program through the Congress.

I shall support the amendment of the Senator from Wisconsin. I am sorry the matter was not worked out in committee. I feel such an approach is long overdue. I think it is the only way properly to present the whole picture to the American people.

All of us know that when we go home we hear people talk about \$4 billion worth of foreign aid when actually, as the Senator from Montana [Mr. MANSFIELD] has pointed out, some \$2.8 billion of the money is military assistance, which is primarily in the interest of defending the United States. That is a significant point we must make plain to the American people, who should understand it.

I want the Senator from Wisconsin to know I shall support his amendment.

Mr. PROXMIRE. I thank the Senator from Kentucky; and I yield the floor, Mr. President.

Mr. CARROLL. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. I have yielded the floor.

Mr. CAPEHART. Mr. President, I have been advocating in substance such legislation as this for a number of years. During the past 2 or 3 years I offered a similar provision as an amendment in the Committee on Foreign Relations. I am a firm believer in the idea that military appropriations and military assist-

ance, whether to be used in the United States or on foreign soil, should be handled by the military. The money ought to be appropriated to the military services. The military services ought to be held responsible for the expenditure of the money.

A year ago the administration was in favor of such a proposal. I did not offer the amendment in the committee this year for the reason that the administration did not advocate it. If I remember correctly, the administration did not necessarily oppose the provision, but simply did not advocate it, on the ground that the Congress turned down the request last year. I believe my memory is correct in that respect.

I feel that a much better administration will be had and that we will all be much better off if we permit the military to handle the military affairs of this Nation, of course under the supervision of the President and of the Secretary of State. The President is the Commander in Chief, and the military take their orders from the Secretary of State in respect to those matters which have to do with his office, under the Constitution of the United States. I have been a firm believer in this sort of procedure for many, many years.

There is one thing I do not quite understand about the amendment, but perhaps it can be cleared up in conference or later. I refer to this provision:

There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

I think we normally prefer to appropriate specific sums for the military, and not use the phraseology "sums as may be necessary." I think we always have set forth specific amounts. I do not quite understand that portion of the amendment, but I am hopeful it is all right as it is written, and that if it is not the language can be perfected in conference. I would much prefer to appropriate specific amounts to the military, rather than to have the amount left open as it is by the amendment.

Mr. GREEN. Mr. President, the amendment offered by the junior Senator from Wisconsin brings up a subject which is familiar to this body. Last year in the mutual-security bill the committee recommended, and the Senate approved, a much less drastic amendment to the Mutual Security Act on this subject. That provision called for a 2-year authorization for appropriation for both military assistance and defense support. However, the amendment was defeated in the House of Representatives. I see little purpose to be served by asking the House to accept a much more drastic amendment on this subject now.

An amendment identical with this one was considered at length during the committee's markup of this bill and was rejected. The committee rejected the amendment for the following reasons:

First, the amendment would authorize unlimited appropriations for military assistance and defense support. The committee believes that annual review of the amounts for such programs by commit-

tees charged with foreign-policy responsibility is necessary for the program.

Second, the amendment would make permanent authorizations for appropriations for military assistance and defense support. The committee feels strongly that the question of the continuation of these programs should be restudied annually.

Third, the amendment would eliminate the annual opportunity for the Committee on Foreign Relations to ascertain the effectiveness of these two military segments of the mutual-security program and the proportionate effort which this country should put into the military part of the program compared with the non-military part.

Finally, Mr. President, the amendment would result in the weakening of the power of the Secretary of State to insure that the conduct of our military programs overseas is consistent with the foreign policy objectives of the United States.

Mr. President, these are the reasons why the Committee on Foreign Relations has already rejected this amendment, and I have restated them in the hope that the Senate will also reject the amendment.

Mr. MANSFIELD. Mr. President, I appreciate the arguments made by the distinguished chairman of the Foreign Relations Committee, but I reiterate for the RECORD that this particular proposal was passed upon by the Senate last year. It was reported unanimously by the Foreign Relations Committee, and, as I recall, was unanimously agreed to by the Senate.

The question has been raised that last year the House Foreign Affairs Committee was responsible for killing this proposal. I should like to read from the House committee report on the Mutual Security Act of 1958, the measure which is now under consideration. I read from page 14:

VII. SEPARATION OF MILITARY FROM ECONOMIC ASSISTANCE

Although the bill reported includes authorizations for both military and economic assistance, the committee questions whether the practice of including the provision of military aid in the same legislation as that providing economic assistance and technical cooperation should be continued in the future. The supplying of arms and military equipment to our allies is based on considerations and involves decisions which differ in important respects from those relating to providing aid to underdeveloped nations. The separation of the program into its two major components should facilitate an informed evaluation by the public and the Congress of the different elements of the program. It is argued that the linking of economic aid and technical cooperation with a military program detracts from the effectiveness of our nonmilitary operations in certain areas.

The committee recommends that the Executive initiate a new study of the question of bringing in separate bills for military aid to foreign nations and for economic assistance. There are difficult technical problems as well as policy considerations involved. In anticipation of further recommendations on this subject, the committee contemplates an independent examination of the issues and problems involved.

As a step in the direction here recommended, the committee this year has changed

the title headings of the act in order to separate more clearly the provisions dealing with military assistance from those dealing with economic assistance.

Mr. President, as the distinguished Senator from Wisconsin, the author of the amendment, has stated, on the basis of questions raised in the Foreign Relations Committee, Secretary of Defense McElroy, Secretary of State Dulles, and Under Secretary of State for Economic Affairs, Douglas Dillon, have all indicated their approval of and their interest in this provision.

As I recall, the Senate voted \$300,000 to the Senate Foreign Relations Committee 2½ years ago to undertake an investigation of the aid program. One of the recommendations of the committee was the separation of military aid and defense support from the economic aspects of the foreign aid program. This the Senate, both in committee and on the floor, tried to accomplish, but, of course, the provision was knocked out last year because of action by the House.

I think this is a vital and necessary amendment. I express the hope that it will be agreed to. At the present time 99 percent of the administration of the military assistance and defense support program is directly in the hands of the Defense Department itself. There is a little policy guidance from the director of the ICA, and I assume, now, from the Deputy Under Secretary of State for Economic Affairs.

When we go home to explain foreign aid to our constituents, they have the idea that this is economic foreign aid, and it is difficult, as the Senator from Kentucky has said, to get across to them the idea that for a good many years 85 percent of the entire foreign aid programs was in the field of military assistance and defense support. This year 67 percent of the entire appropriation asked is in the field of military assistance and defense support.

I hope that not only will the Senate accept this particular amendment, but at the same time take two further steps. The second steps would be to transfer to the Department of State the remainder of the program; and the third step would be to liquidate ICA, so that the two departments charged with administration of foreign policy and defense matters would have direct and unchallenged control of these programs, which are vital, which are needed, and which I think should be considered on the basis of their own merits, and not on the basis of being intertwined, as they are at the present time.

Mr. KENNEDY. Mr. President, I rise to oppose the amendment as it is now worded. I would see no objection to placing the military hardware under the control of and within the appropriations of the Department of Defense; but I believe it would be a mistake to place in the Defense Department both the military assistance and defense support program and the program for economic assistance to the country with which we happen to have a military alliance, eliminating any control by the ICA and the Department of State. In the future neither the Foreign Relations Commit-

tee, which has direct responsibility in this field, nor the Armed Services Committee, would have anything to say about continuing appropriations for hardware items and defense support. Those subjects would come directly before the Appropriations Committee. I think such a course would involve a great loss of important influence on the part of those responsible for the administration of the programs, but it would also result in a great weakening of the power of the Secretary of State.

With respect to foreign policy, the hand of the Secretary of State is strengthened if he is able to deal directly with Spain or Iran in administering these programs, instead of having them handled by the Department of Defense. Strengthening the hand of the Secretary of State influences the policy of those countries.

I should be glad to see the amendment changed so that the actual hardware would come under the Secretary of Defense. That is dealt with by the language on the first page of the amendment.

I believe that the language on the second page of the amendment is already in the bill. The language on page 2 of the amendment is the same as the language which is found on page 34 of the bill, beginning in line 17, and including section 4, dealing with defense support, which includes surplus agricultural commodities, raw materials, fuel, machinery and equipment, other industrial commodities, and cash transactions. To place such programs under the Department of Defense, and not under the ICA and the Department of State would be a mistake.

I wonder if the Senator from Wisconsin would accept an amendment to strike out the language on page 2, retaining the language on page 1, placing the actual hardware under the Department of Defense, and not under the Secretary of State.

The PRESIDING OFFICER. The Chair rules that inasmuch as the yeas and nays have been ordered—

Mr. KENNEDY. Mr. President, I ask unanimous consent that such an amendment be considered.

The PRESIDING OFFICER. The Parliamentarian informs the Chair that even by unanimous consent such a change could not be made.

Mr. MANSFIELD. Mr. President, if the Senator from Wisconsin is agreeable to the idea suggested by the Senator from Massachusetts, may he himself ask unanimous consent that his amendment be modified?

The PRESIDING OFFICER. The Chair rules that the Senator from Wisconsin may modify his own amendment by unanimous consent. He may request unanimous consent for modification of his own amendment, if he so desires.

Mr. PROXMIRE. Mr. President, I feel very strongly that the amendment as it is written is the amendment which should be adopted. Because I feel that defense support is still a part of our defense effort, and is required only because we have the military hardware, and because that program is completely jus-

tifiable as an adjunct of the military department, I think the case for having the defense support program administered by the Department of Defense is very strong.

However, I recognize the very deep understanding, wisdom, and sincerity of the distinguished Senator from Massachusetts. I think it is important that we get something out of this effort. Therefore, with extreme reluctance, I ask unanimous consent to modify my amendment by striking out section 4, which embraces lines 10 to 17 on page 2 of the amendment.

The PRESIDING OFFICER. The Senator from Wisconsin will have to clarify the amendment he desires to propose, so that the Chair may put the question on the unanimous-consent request to the Senate.

Mr. CAPEHART rose.

Mr. PROXMIRE. Perhaps the Senator from Indiana will object.

Mr. CAPEHART. Mr. President, I object to the unanimous-consent request.

Mr. MANSFIELD. Vote!

Mr. COOPER. Mr. President, may I ask a question of a member of the committee?

Mr. KENNEDY. I shall be glad to yield to the Senator from Kentucky.

Mr. COOPER. Was this amendment considered by the committee?

Mr. KENNEDY. It was.

Mr. COOPER. What was the position of the Department of State?

Mr. KENNEDY. The committee took a position in opposition to the amendment which was offered in a similar form by the Senator from Montana [Mr. MANSFIELD]. I do not know what the position of the Department of State was.

Mr. CAPEHART. Mr. President, may I answer that question?

Mr. COOPER. Yes.

Mr. CAPEHART. They took no position. They were not asked for any statement; neither were they opposed to it. A year ago they had asked for the same thing the Senator from Wisconsin is now advocating.

Mr. MANSFIELD. They took no position, but the Secretary of Defense, Mr. McElroy, the Secretary of State, Mr. Dulles, and the Deputy Under Secretary for Economic Affairs, C. Douglas Dillon, indicated approval of the amendment and said in so many words that the reason they did not ask for it this year was because of the action of the House last year.

Mr. CAPEHART. That is correct.

Mr. COOPER. Would the adoption of the amendment in any way limit the powers of the Secretary of State in exercising his role in foreign affairs?

Mr. MANSFIELD. In my opinion, it would not, because, as I said before, at the present time the Department of Defense is exercising at least 99 percent control and management of the program, with a little guidance from the Deputy Under Secretary of State for Economic Affairs or from Mr. Smith, the Director of the ICA.

Mr. COOPER. If the amendment were adopted, would it mean that the Department of Defense would have exclusive control over matters which re-

late to military aid programs in foreign countries?

Mr. MANSFIELD. Yes, indeed, because they have that almost at the present time, to the extent of 99 percent. They told us year in and year out that when they spend in this way \$1, it is the equivalent of \$6 spent from our own defense budget.

Mr. COOPER. If an issue arose—as undoubtedly it would, regarding military aid—which bore on the foreign policy of the United States, and the relations of the United States with another country, would the Secretary of Defense or the Secretary of State have final and conclusive jurisdiction?

Mr. MANSFIELD. The Secretary of Defense would have the general say and, in my opinion, the Secretary of State would have the final say.

Mr. COOPER. Will the Senator say today, without question, that the Secretary of State would have the final decision?

Mr. MANSFIELD. I am loath to make any answer with the expression "without question" in it. However, certainly under our Constitution the Secretary of State, as the personal agent of the President, is charged with the conduct of our foreign policy. In my opinion in a matter of the kind we are discussing, insofar as it affected foreign policy—and certainly this does—the final say would be lodged in the Secretary of State. I see on the floor the junior Senator from Kentucky [Mr. MORTON]. He has served in the Department of State, and has had long experience in this field. I believe he would be better qualified to answer the Senator's question.

Mr. COOPER. The Constitution, of course, provides that the President shall conduct the foreign policy of the country, and the Secretary of State is the President's agent. Therefore it seems to me that whatever the result on this amendment, the Secretary of State has the final say and judgment. However I believe the amendment, if adopted, would increase the influence of the military in the conduct of foreign relations, and in practice limit the powers of the Secretary of State.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COOPER. That is the issue which worries me. My colleague from Kentucky served in the State Department, and I have the highest regard for his judgment. However, I am worried about this matter.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KNOWLAND. I should like to say to the distinguished Senator from Kentucky that, as I understand the situation, the subject was before the Committee on Foreign Relations. I am personally supporting the position of the distinguished Chairman of the Committee on Foreign Relations, for several reasons. In the first place, I believe the amendment would have a tendency to do what the Senator from Kentucky feels it would; namely, at least throw some doubt—and there may be some honest difference of opinion on this point—on the question of jurisdiction.

Secondly, for the reason stated by the Senator from Massachusetts [Mr. KENNEDY], it would tend to remove from the Committee on Foreign Relations and from the Committee on Armed Services an annual review of the program. I believe Congress itself should have such right of review. For these reasons I shall vote against the amendment and support the position of the distinguished Senator from Rhode Island [Mr. GREEN.]

Mr. MORTON. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MORTON. As a practical matter, there is a real relationship between the Departments of State and Defense in the formation and implementation of this entire program, as my colleague well knows. Many of the decisions which are made in this field are made at the Security Council level, of course. I believe it should be the primary function of the Secretary of State. I do not want to see the influence of the military increased in this area, although they must have a substantial influence in it. I would hope that the balance could be maintained as it is now, in connection with the responsibility of the two. The reason I favor such a program is that I believe we would get the whole subject into a much clearer light for the benefit of the people of the country, and I believe it would be to the benefit of the program. For that reason I have favored some such plan, and I did so when I was in the Department of State.

Mr. COOPER. I appreciate the remarks of my colleague, and friend. Without having had a chance to hear a discussion of the subject in the committee however, there are several points which concern me. One is the question I raised a few moments ago and which the minority leader has also raised. While the constitutional power to conduct foreign relations is clearly vested in the Secretary of State, as the agent of the President, nevertheless the amendment would, without question, increase the power and influence of the military in the field of foreign relations.

A second point, which I believe is of material importance is that if the two programs are separated there will be more and more pressure brought against continuing the economic side. I do not think this is a very good argument; but nevertheless, it must be considered, for many support our aid program because of its military side.

There is one other problem we are confronted with in our conduct of foreign relations. Many people, here and abroad, believe our policy is directed too strongly toward the military side. If we place greater jurisdiction in the Department of Defense, inevitably more and more people from the Department of Defense will be sent into other countries and there will be pressures for larger defense installations abroad. Under such circumstances I have the feeling that the weight of the military in our conduct of foreign policy will be increased. For these reasons I believe the amendment should not be pressed at this time. It needs further study.

I have great respect for the opinion of my colleague—but without further consideration I would not want to vote for it at this time.

Mr. CAPEHART. Mr. President, I cannot quite understand the argument of the Senator from Kentucky [Mr. COOPER], for the simple reason that the administration, with the same President and the same Secretary of State, has been in favor of the proposal. They certainly knew what they were doing a year ago, or they would not have made their proposal a year ago. They did not advocate it again this year for the reason that Congress had turned it down last year.

They did not ask for it. The House was adamant, and they did not ask for it. Otherwise, as a member of the Committee on Foreign Relations, I heard no testimony from anyone that he was opposed to it this year.

I do not agree at all with the argument that the authority of the President of the United States or of the Secretary of State to make foreign policy would be lessened. The President is the Commander in Chief of the Armed Forces and conducts the Defense Establishment; and under the Constitution he handles all foreign affairs. Regardless of how these matters may be shuffled, as to who controls this or that, under the Constitution the President of the United States runs it all. He can designate the departments which will operate the programs, if he wishes to.

I see no reason why there should be a distinction between military operations at home and military aid in foreign countries. I think the appropriation should be made to the military. It ought to be included in one budget, so that we can see exactly what the amount is. The idea of having a part of the military budget located in one place and a part of it somewhere else is not sound. I have been an advocate of this very proposal for many years.

In my State I have said many times that the people are willing to appropriate whatever money is necessary to defend the United States. They are willing to leave it to the Defense Establishment and to the Commander in Chief to determine whether the money shall be spent in the United States or outside the country. But they would like to have the funds separated from the Department of State budget.

I strongly urge the adoption of the amendment.

Mr. SYMINGTON. Mr. President, as I understand the amendment of the Senator from Wisconsin, the question of mutual security military aid would be in the hands of the President. At the present time it is not simply a matter for the Committee on Appropriations, for the authorization must be considered by the Committee on Foreign Relations. The appropriation is then made by the Committee on Appropriations. But if the amendment shall be agreed to, there will be no authorization of military aid in the sense that the Committee on Foreign Relations now currently reviews the annual program. The matter would simply go before the Committee on Appropriations.

As I see it, therefore, amendment would constitute an additional step in the direction of giving to the executive branch what is normally a legislative function. For that reason, I oppose the amendment.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. CAPEHART. I am certain the Senator understands that the so-called domestic defense appropriation bill is one which is not authorized by any committee, including the Committee on Armed Services, of which the Senator from Missouri is a member. Why is the Senator willing to have no review or authorization by a committee in respect to the great bulk of military expenditures—I should say some \$38 billion, which will be appropriated this year—but with respect to an amount of perhaps \$2,500,000,000, the Senator from Missouri says there should be an authorization? What is the difference?

Mr. SYMINGTON. The Chiefs of Staff, the Chairman of the Joint Chiefs of Staff, and the Secretary of Defense come before the Committee on Armed Services to defend the program for which later the Committee on Appropriations makes an appropriation.

Mr. CAPEHART. The same thing is done under this bill.

Mr. SYMINGTON. As a result of the hearings before the Committee on Armed Services, great weight is given to the opinion of that committee when the matter goes before the Committee on Appropriations.

As I read the amendment, the President would simply decide what was necessary, and the Committee on Armed Services and the Committee on Foreign Relations would be bypassed. I submit that such a procedure would be contrary to sound legislative policy.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. CAPEHART. The money for military expenditures in foreign countries would be handled in exactly the same way as the funds for domestic military use. The Committee on Armed Services would consider the whole matter, just as it does now.

Mr. SYMINGTON. It is not only I who state that this would be the procedure, but the Senator who offered the amendment says that it would operate in the way I have just stated, as does the distinguished Senator from Montana [Mr. MANSFIELD].

Mr. CAPEHART. Mr. President—

The PRESIDING OFFICER. Does the Senator desire to speak on the amendment?

Mr. CAPEHART. Yes.

The PRESIDING OFFICER. The Senator will be speaking for the third time on the amendment.

Mr. CAPEHART. Is the Chair objecting?

The PRESIDING OFFICER. The Chair is not objecting.

Mr. CAPEHART. The amount which would be spent in foreign countries, and which is authorized by the pending mutual security bill, would be, hereafter, a

part and parcel of the total overall military appropriation bill, and would be considered in the same way in which the Committee on Armed Services now considers the so-called domestic military bill. The Committee on Appropriations would then consider the amount to be appropriated, just as is done now. I believe that is a correct statement.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SYMINGTON. In my opinion, there is some merit in the amendment from one standpoint, namely, that we are selling, so to speak, to the American people a large amount of military aid which actually should be classified as economic aid. From that standpoint, I would be in sympathy with the amendment. On the other hand, any form of mutual security, whether it be military or economic, naturally is bound in with our foreign policy.

The more I consider the amendment, the more it seems to me that if it were adopted, we would lose the advantage of a review of the military aid by the Committee on Armed Services and by the Committee on Foreign Relations; and military aid is, of course, a part of our foreign policy, just as the activities of the Department of Defense, in peacetime anyway, are a part of our foreign policy.

Mr. CAPEHART. I do not understand at all that under the procedure, if the amendment should become law, the Committee on Armed Services would not consider the money which the military would spend overseas, the same as that committee now reviews the money which the military spends at home.

If I correctly understand the amendment, it would not take away from the Committee on Appropriations the right which that committee now has to consider the amount of money which is to be provided in the defense appropriation bill for purposes of overseas spending.

The whole situation would be exactly as it is now. We would simply add to the domestic budget the so-called foreign budget or the money to be spent in foreign countries. That is my understanding of the amendment, and that is, I think, what is proposed. At least, that is what I have always advocated, and I still do.

Mr. DIRKSEN. Mr. President, I hope the amendment will not be agreed to. I think in order to get it fairly before the Senate, it is necessary to review the original act. The original Mutual Security Act, as amended, which is called the act of 1954, refers to the matter in four lines in section 103 (a). That is the provision for military assistance. It is very clear. It is title I, chapter 1. All it does is to authorize an appropriation to the President for a specific fiscal year, a specific amount. That is the basic law.

Last year we authorized an appropriation to the President of \$1,600,000,000 for the fiscal year 1958. That is the first section of military assistance.

When the committee bill came along, all that was done was to amend that section in three respects. The amount

was changed from \$1,600,000,000 to \$1,800,000,000. We changed 1958 to 1959. Then we added some review language with reference to the necessity for military assistance.

Now comes the amendment offered by the distinguished Senator from Wisconsin. What does it do? It strikes out the fiscal year. No fiscal year is provided in the Proxmire amendment. The authorization is permanent; it is from now on. It is a permanent authorization for an appropriation to the President of the United States. That becomes permanent. It will not be necessary for the Executive to return to Congress for any further authorization on a fiscal year basis. That is what the Proxmire amendment provides.

Second, the amendment would strike out the fiscal year and would strike out the amount.

Mr. President, what does the amendment of the Senator from Wisconsin provide? It provides in part:

(a) There are hereby authorized to be appropriated to the President—

Not for any particular year, but for all time—

such sums as may be necessary.

Mr. President, how much would be appropriated by the amendment? "Such sums" would be appropriated—perhaps \$1,600,000,000, or perhaps \$2,600,000,000, or perhaps \$5,600,000,000; under the amendment of the Senator from Wisconsin, the sky is the limit. The only limit would be whatever is written by the Appropriations Committee. So the amendment is an attempt to escape from a definite amount and from a fiscal-year limitation.

Mr. President, I have never been afraid to return home and defend this program on the basis that we write it for the fiscal year 1959. That is what the amendment of the committee provides. But under the pending amendment there would be an unlimited, open-end, permanent authorization to appropriate to the President of the United States, for military assistance, from now on; and the amendment would not change by one bit the purpose of the bill or its general theme.

Mr. President, it is now rather late in the year to make such a proposal.

It is said that Secretary McElroy favors it. It is said that Secretary Dulles favors it. It is said that Under Secretary Dillon favors it. I do not know; but I know I sat in on conferences at the State Department where I helped to present this matter, this year; and finally they backed off, and said, "We prefer not to do it"; and that is where it died.

I do not know where the confusion comes. I did not read what the Secretary of Defense said to the committee, or what Under Secretary Dillon said to the committee, or what Secretary Dulles said to the committee. But I know what Mr. Dulles told me in his office; namely, that they had pondered and puzzled over this, and finally decided they did not want it.

I do not know what happens to the testimony. When we serve as a jury,

we place our credence on whatever testimony we prefer. But I know that I am not going to vote for a permanent, open-end, unlimited authorization to any President for military assistance.

I prefer to have the law include a limitation on a fiscal-year basis, because that makes for better appropriations procedure.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on agreeing to the amendment lettered "B" of the Senator from Wisconsin [Mr. PROXMIRE].

Mr. CAPEHART. Mr. President, I ask unanimous consent that at this time I may speak for 1 minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana? Without objection, the Senator from Indiana may proceed.

Mr. CAPEHART. Mr. President, I wish to say that the able Senator from Illinois [Mr. DIRKSEN] has described perfectly and 100 percent how the amendment would operate, so far as its open-end feature is concerned.

But the amendment would operate exactly like the \$38 billion domestic military budget which the House of Representatives and the Senate handle. In other words, no standing committee has reported an authorization for the \$38 billion. Therefore, why are Senators now so much concerned about authorizing the expenditure of \$3,500 million or \$2 billion, when they have permitted the expenditure of \$38 billion without an authorization? I cannot see the difference between foreign military spending and domestic spending.

Mr. CASE of South Dakota. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

The PRESIDING OFFICER. The time requested by the Senator from Indiana has expired.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that at this time I may address the Senate for 1 minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? Without objection, the Senator from South Dakota may proceed.

Mr. CASE of South Dakota. Mr. President, first, let me say that I believe that the statement made by the Senator from Indiana does not relate to the \$38 billion, or whatever may be the correct amount, that is appropriated for the Department of Defense.

In the first place, I know that, as a matter of fact, each year the Congress considers a military-construction authorization bill. This year we are considering a military-construction authorization bill which will authorize the appropriation of more than \$1,500,000,000; that is a part of the military appropriations which will be made. The Appropriations Committee will not be able to report appropriations for military construction without the consideration, first by the Armed Services Committee, and then by the Senate, of certain authorizations.

In addition, other aspects of the procurement program which are represented by the \$38 billion will depend upon and rest upon authorization legislation.

Second, Mr. President, if we were in a hot war, then, more appropriately, we might turn over to the Appropriations Committee the question of providing for military hardware. But primarily this item is a part of a cold war. What we do in extending military assistance to other countries is partly—in fact, largely—a matter of policy. That matter of policy should be reviewed by the appropriate legislative committees. It should not be turned over to the Appropriations Committee; it should not be turned over to the Defense Department. In that respect, I respectfully disagree with the position taken by Secretary McElroy.

Whether we like or do not like this whole program is not the pending or immediate question, Mr. President. But if we are to have a foreign-aid program which embraces military aid, the policy of military aid should be reviewed by the Foreign Relations Committee and, to some extent, by the Armed Services Committee. It is a policy matter, not a matter of military hardware, such as would be the case if we were in a hot war.

Therefore, I believe it should be reviewed by the appropriate legislative committees which handle such authorization measures.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. I admit that military-construction appropriations require authorization legislation. But I say that the great bulk of military expenditures do not require authorization legislation; they are simply handled directly by the Appropriations Committee, although it is a fact that the Armed Services Committee goes over these matters and does consider them.

Mr. CASE of South Dakota. The Armed Services Committee considers proposed legislation which deals with the ceilings on the personnel of the Army, the Navy, and the Air Force; and those ceilings on the number of persons in the Military Establishment directly affect the amounts of the appropriations which may be provided for the pay and subsistence of the Army and other armed services.

Mr. CAPEHART. Under this amendment and under the proposal we are making, the committee would do exactly the same with respect to measures for military spending for overseas purposes as they do with respect to measures for so-called military spending for domestic purposes.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "B" of the Senator from Wisconsin [Mr. PROXMIRE].

On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that if present and voting, the Senator from Oregon [Mr. MORSE] would vote nay.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from Nebraska [Mr. HRUSKA], the Senator from New York [Mr. IVES], the Senator from Michigan [Mr. POTTER], and the Senator from Minnesota [Mr. THYE] are absent on official business.

If present and voting, the Senator from Wyoming [Mr. BARRETT], the Senator from Ohio [Mr. BRICKER], the Senator from New York [Mr. IVES], and the Senator from Minnesota [Mr. THYE] would each vote "nay."

The Senator from Maryland [Mr. BUTLER] and the Senator from Nebraska [Mr. CURTIS] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], the Senator from West Virginia [Mr. HOBLITZELL], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The Senator from Vermont [Mr. Aiken], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Wisconsin [Mr. WILEY] are also detained on official business.

The result was announced—yeas 16, nays 56, as follows:

YEAS—16

Bible	Jackson	Monroney
Capehart	Johnston, S. C.	Morton
Douglas	Jordan	Proxmire
Ervin	Lausche	Talmadge
Gore	Magnuson	
Humphrey	Mansfield	

NAYS—56

Allott	Hayden	Neuberger
Beall	Hennings	Pastore
Bennett	Hickenlooper	Payne
Bridges	Hill	Purtell
Bush	Holland	Revercomb
Byrd	Javits	Robertson
Carlson	Jenner	Saltonstall
Carroll	Johnson, Tex.	Schoeppel
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Clark	Knowland	Smith, N. J.
Cooper	Kuchel	Sparkman
Cotton	Langer	Stennis
Dirksen	Malone	Symington
Dworshak	Martin, Iowa	Thurmond
Eastland	Martin, Pa.	Watkins
Ellender	McClellan	Williams
Frear	McNamara	Yarborough
Green	Mundt	

NOT VOTING—24

Aiken	Flanders	Morse
Anderson	Fulbright	Murray
Barrett	Goldwater	O'Mahoney
Bricker	Hoblitell	Potter
Butler	Hruska	Russell
Chavez	Ives	Thye
Church	Kerr	Wiley
Curtis	Long	Young

So Mr. PROXMIRE's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PROXMIER. Mr. President, I call up my amendments, identified as "6-2-58-D."

The PRESIDING OFFICER. The amendments of the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. On page 63, line 24, it is proposed to strike out "\$2,400,000,000" and insert in lieu thereof "\$2,296,000,000."

On page 64, line 2, it is proposed to strike out "\$235,000,000" and insert in lieu thereof "\$339,000,000."

ANNOUNCEMENT OF JOINT MEETING ON TOMORROW IN HONOR OF DR. HEUSS, PRESIDENT OF THE REPUBLIC OF WEST GERMANY

Mr. MANSFIELD. Mr. President, before I move that the Senate recess until 12 o'clock noon tomorrow, I should like to notify the Senate there will be a joint session of the two Houses tomorrow, honoring the visit of the President of the West German Republic, Dr. Heuss. Incidentally, that meeting will occur at 12:20 p. m.

WORLD PEACE COMMITTEE OF SOUTHERN BAPTIST CONVENTION

Mr. KEFAUVER. Mr. President, at their recent meeting in Houston, Tex., the Southern Baptist Convention established a world peace committee to study what the Southern Baptists can do to promote peace and good will in the world. This committee was created upon the recommendation of their very able and devoted president, Representative BROOKS HAYS of Arkansas. It includes both lay and ministerial people of the Southern Baptist faith who are concerned about the hostility and conflict which is everywhere present in the world today.

As a Baptist and as an American I

am very pleased to see the Southern Baptists take this action. In the past decade we have witnessed our relations with the Soviet Union and even with our allies deteriorate almost beyond belief. The major sources of conflict that we knew existed even during those quiet days after World War II have not been eliminated but in some ways have grown and have become more difficult to deal with than ever before. Our Government has not satisfactorily dealt with these problems, often for reasons beyond its control. It is a very promising thing to witness private organizations, and particularly religious organizations such as the Southern Baptists, recognizing that they too share a responsibility in waging the peace, that they too can contribute to a world in which understanding and confidence can exist.

Representative HAYS, in a recent trip to Russia, found that the religious faith of the Russians has not been stamped out in spite of the rigorous oppression of religion practiced by the Communist rulers. He found thousands of Russians who retained a faith in Christian principles and who longed for a communion with their brothers in faith throughout the world.

Three years ago during a trip to the Soviet Union I attended many church services and found the faith of many Russian people vibrant and growing. I feel certain that this spirit can provide a basis for the development of democracy and international brotherhood in that country.

I am much impressed with the possibilities which these private groups offer in creating a climate of opinion in which international understanding can be furthered. The bonds of Christian faith, the appreciation of good music, the love of the best literature is not national but international in character. We should support and encourage these organizations to use their good offices in every way possible in dissolving the almost

universal feelings of jealousy and distrust which permeate the negotiations between governments. We should assist them in their attempts to discover common goals, mutually acceptable principles, and satisfactory procedures by which an international community of interest can be instilled in the hearts and minds of peoples throughout the world.

I heartily endorse the efforts of the Southern Baptists in their initial steps to find the role that they can play in world affairs. They have contributed to the spiritual enlightenment of man wherever they have gone in the past. I am certain that they will contribute materially to the breaking down of distrust and misunderstanding, whether these be international, linguistic, racial, or cultural in origin. I shall be much interested in the recommendations which this distinguished committee on world peace makes, and I hope its views will be widely disseminated and thoroughly considered by those whose responsibility it is to make decisions in international affairs.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 4, 1958, he presented to the President of the United States the following enrolled bills:

S. 59. An act directing the Secretary of the Interior to convey certain property in the State of Colorado to William M. Proper;

S. 1657. An act for the relief of Lloyd C. King; and

S. 1979. An act for the relief of Barbara Hollinger.

RECESS

Mr. MANSFIELD. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 21 minutes p. m.) the Senate took a recess until tomorrow, Thursday, June 5, 1958, at 12 o'clock meridian.

House of Representatives

WEDNESDAY, JUNE 4, 1958

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Job 22: 21: Acquaint now thyself with Him, and be at peace; thereby good shall come unto thee.

Eternal and ever-blessed God, whose wisdom never errs and whose strength never fails, in these days of conflict and confusion, may we lay hold upon Thee with increasing tenacity of faith.

Grant that our longings and hopes for peace on earth and good will among men may soon come to fulfillment and fruition.

We penitently confess that we are so frequently without any clear vision of the spiritual values because we have allowed the windows of our souls to be made opaque by material ambitions.

May Thy blessings of insight and inspiration be given in an abundant measure to our President, our Speaker, and all who share in the responsibilities of administering the affairs of government.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3506. An act to authorize the transfer of naval vessels to friendly foreign countries.

SWEARING IN OF MEMBER

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. WALTER] is recognized.

Mr. WALTER. Mr. Speaker, I ask unanimous consent that the oath of office be administered to the gentleman from Pennsylvania, Mr. ROBERT N. C. NIX, today. Certificate of his election has not arrived, but there is no question about the validity of his election, and no contest has been filed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. NIX appeared at the bar of the House and took the oath of office.

REREFERENCE OF BILLS DEALING WITH HIGHWAY CODE

Mr. CELLER. Mr. Speaker, by direction of the Committee on the Judiciary I ask unanimous consent to rerefer the

bills H. R. 12776 and H. R. 12777, to revise, codify, and enact into law title 23, United States Code, entitled "Highways," from the Committee on the Judiciary to the Committee on Public Works. I particularly want to emphasize that this unanimous-consent request is not to be construed as a waiver by the Committee on the Judiciary of any of the jurisdiction under the Legislative Reorganization Act of 1946 or the United States Code. It is made solely because of the particular circumstances with respect to the drafting of the bills. Under section 12 of Public Law 350 of the 83d Congress, the Secretary of the Department of Commerce was directed to transmit to the Committees on Public Works of the Senate and of the House of Representatives a suggested draft of a bill or bills for a Federal Highway Act, which will include such provisions of existing law, and such changes or new provisions as the Secretary deems advisable. The Secretary submitted such a draft bill to the committees, as a result of which the bill H. R. 10488, to revise the Federal aid highway laws of the United States, was introduced and referred to the Committee on Public Works. A companion bill, S. 3151, was referred to the Senate Committee on Public Works. Through the cooperation between the counsel of the House Committee on Public Works and the law revision counsel of the Committee on the Judiciary, clerical changes have been suggested in the bill H. R. 10488 to provide for the enactment into law of title 23, United States Code "Highways." As a result, the bills H. R. 12776 and H. R. 1277 were introduced containing a number of clerical changes to achieve that purpose. These two bills are, however, essentially the same as the bill submitted by the Secretary of Commerce to the Committee on Public Works and which is now pending before that committee which has set hearings for tomorrow.

Therefore, in view of these special circumstances and without any intention to waive the prerogative of the Committee on the Judiciary, I make this unanimous-consent request to rerefer the bills H. R. 12776 and H. R. 12777 from the Committee on the Judiciary to the Committee on Public Works.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

THE CASE FOR LIMITED EXCISE TAX REDUCTION

(Mr. UDALL asked and was given permission to address the House for 1 minute.)

Mr. UDALL. Mr. Speaker, on yesterday the junior Senator from Florida [Mr. SMATHERS] acting as spokesman for the Senate Interstate Commerce Committee, made a powerful plea for excise tax relief as a stimulus to the chronically depressed transportation industry. His committee proposes that the excise taxes on freight and passenger travel be eliminated simultaneously with the extension of the present corporate and excise taxes as a single exception to the Eisenhower administration's decision to hold the line against any tax cuts.

Mr. Speaker, in my opinion, the case for action now to repeal these recession-producing taxes is unassailable.

First, these taxes have served to further depress a major industry already deep in the throes of grave economic problems.

Second, these taxes have a built-in discriminatory effect which favors foreign over domestic shippers.

In the third place, these taxes operate to penalize producers—in the West, South, and Middle West—who are remote from our major national markets.

Fourth, this tax burden falls most heavily on new and small businesses.

Mr. Speaker, if this limited tax relief program succeeds in the other body it is my hope that our colleagues will wisely concur in these amendments when the pending tax extension bill goes to conference.

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. O'HARA of Illinois' remarks will appear hereafter in the Appendix.]

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 84]

Adair	Chelf	Gray
Andersen,	Christopher	Gregory
H. Carl	Clark	Gubser
Auchincloss	Dellay	Hale
Baumhart	Devereux	Halleck
Belcher	Dies	Harden
Bentley	Diggs	Hillings
Boggs	Dooley	Hosmer
Boykin	Dowdy	James
Brownson	Doyle	Jenkins
Buckley	Eberhart	Jones, Ala.
Burdick	Elliott	Kearney
Byrd	Everett	Lankford
Canfield	Farbstein	Lennon

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 51, line 22, immediately after "nation" insert
- 2 "or international organization".
- 3 On page 51, line 23, strike out "such nations" and in-
- 4 sert in lieu thereof "nations or international organizations".

AMENDMENTS

Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 35, beginning with line 3, strike out all of sec-
- 2 tion 5, down through line 12.
- 3 Renumber succeeding sections accordingly.

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 34, lines 15 and 16, strike out “\$1,800,-
- 2 000,000” and insert “\$1,300,000,000”.
- 3 On page 63, beginning with line 19, strike out all of
- 4 section 13, through line 2 on page 64.

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 45, immediately before the period in line 9,
2 insert a comma and the following: "except that none of
3 the funds authorized by this subsection shall be used for
4 assistance to any nation of Western Europe".

5 On page 45, line 11, immediately after "used" insert
6 ", other than for assistance to a nation of Western Europe,".

Calendar No. 1657

85TH CONGRESS
2D Session

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BRIDGES to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 59, line 2, strike out “whenever the President
2 determines” and insert in lieu thereof “if (1) the President
3 shall have determined”.

4 On page 59, beginning with the period at the end of
5 line 10, strike out down through line 17 and insert in lieu
6 thereof the following: “, (2) the President shall have sub-
7 mitted such determination, with reasons therefor, to the
8 President of the Senate and the Speaker of the House of
9 Representatives, and (3) a period of sixty calendar days
10 during which the Congress is in session shall have elapsed

1 subsequent to the submission of such determination. For the
2 purposes of clause (3), Congress shall be deemed to be
3 in session unless either House is in adjournment sine die or
4 for a period of more than three days.”

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. BRIDGES to the
bill (H. R. 12181) to amend further the
Mutual Security Act of 1954, as amended,
and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 58, beginning with the comma in line 11, strike
- 2 out down to the colon in line 12.

6-4-58—N

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: At the appropriate place insert a new subsection as follows:

- 1 PROHIBITION AGAINST ASSISTANCE TO THE DOMINI-
2 CAN REPUBLIC.—Notwithstanding any other provision of
3 law, no assistance under this title or any other title of this
4 Act shall be furnished the Dominican Republic after the
5 expiration of ninety days following the date of the enact-
6 ment of the Mutual Security Act of 1958.

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BRIDGES to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 34, beginning with line 1, strike out all mat-
2 ter through line 11.

3 On page 34, line 12, strike out "SEC. 3" and insert in
4 lieu thereof "SEC. 2".

5 On page 34, line 22, strike out "SEC. 4" and insert in
6 lieu thereof "SEC. 3".

7 On page 35, line 3, strike out "SEC. 5" and insert in
8 lieu thereof "SEC. 4".

9 On page 35, line 13, strike out "SEC. 6" and insert in
10 lieu thereof "SEC. 5".

1 On page 43, line 9, strike out "SEC. 7" and insert in
2 lieu thereof "SEC. 6".

3 On page 44, line 7, strike out "SEC. 8" and insert in
4 lieu thereof "SEC. 7".

5 On page 48, line 18, strike out "SEC. 9" and insert in
6 lieu thereof "SEC. 8".

7 On page 51, line 13, strike out "SEC. 10" and insert
8 in lieu thereof "SEC. 9".

9 On page 52, line 13, strike out "SEC. 11" and insert in
10 lieu thereof "SEC. 10".

11 On page 63, line 10, strike out "SEC. 12" and insert
12 in lieu thereof "SEC. 11".

13 On page 63, line 19, strike out "SEC. 13" and insert in
14 lieu thereof "SEC. 12".

Calendar No. 1657

83TH CONGRESS
2^D Session

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. Brundage to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BRIDGES to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 34, beginning with line 1, strike out all matter
2 through line 11.

3 On page 34, line 12, strike out "SEC. 3" and insert in
4 lieu thereof "SEC. 2".

5 On page 34, line 22, strike out "SEC. 4" and insert in
6 lieu thereof "SEC. 3".

7 On page 35, line 3, strike out "SEC. 5" and insert in lieu
8 thereof "SEC. 4".

9 On page 35, line 13, strike out "SEC. 6" and insert in
10 lieu thereof "SEC. 5".

1 On page 43, line 9, strike out "SEC. 7" and insert in
2 lieu thereof "SEC. 6".

3 On page 44, line 7, strike out "SEC. 8" and insert in lieu
4 thereof "SEC. 7".

5 On page 48, line 18, strike out "SEC. 9" and insert in
6 lieu thereof "SEC. 8".

7 On page 51, line 13, strike out "SEC. 10" and insert
8 in lieu thereof "SEC. 9".

9 On page 52, line 13, strike out "SEC. 11" and insert
10 in lieu thereof "SEC. 10".

11 On page 63, line 10, strike out "SEC. 12" and insert in
12 lieu thereof "SEC. 11".

13 On page 63, after line 18, insert the following:

14 "SEC. 12. The Congress recognizes the importance of
15 the economic development of the Republic of India to its
16 people, to democratic values and institutions, and to peace
17 and stability in the world. Consequently, it is the sense of
18 the Congress that it is in the interest of the United States
19 (1) to join with other nations in providing support of the
20 type, magnitude, and duration, adequate to assist India to
21 complete successfully its current program for economic devel-
22 opment and (2) to encourage private investment and other
23 private participation in India's economic development."

Calendar No. 1657

86TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. Bridges to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. THURMOND to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 50, beginning with "if" in line 13, strike out
2 down through line 19 and insert in lieu thereof the follow-
3 ing: "*: Provided further, That 50 per centum of the total*
4 *procurement of any commodity shall be made only in the*
5 *United States except to the extent that any such commodity*
6 *is not available for procurement in the United States in*
7 *sufficient quantities.*".

85TH CONGRESS
2d Session

H. R. 12181

AMENDMENT

Intended to be proposed by Mr. THURMOND to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 52, beginning with "\$26,000,000" in line 6,
- 2 strike out down through line 12 and insert in lieu thereof
- 3 "\$18,000,000".

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 63, between lines 4 and 5 insert the following:

2 “(1) Amend subsection (h) to read as follows:

3 ““(h) The term “value” means—

4 “(1) with respect to any excess equipment or
5 materials furnished under chapter 1 of title I, the gross
6 cost of repairing, rehabilitating, or modifying such
7 equipment or materials prior to being so furnished;

8 ““(2) with respect to any non-excess equipment
9 or materials furnished under chapter 1 of title I, which
10 are taken from the mobilization reserve, or which are

1 taken from the mobilization reserve but with respect to
2 which the Secretary of Defense has certified that it is
3 not necessary fully to replace such equipment or mate-
4 rials in the mobilization reserve, the average gross cost of
5 each unit of that equipment and materials owned by the
6 furnishing agency; and

7 “ ‘(3) with respect to any equipment or materials
8 furnished under chapter 1 of title I, which are procured
9 for the purpose of being so furnished, the gross cost to
10 the United States of such equipment and materials.

11 In determining the gross cost incurred by any agency in
12 repairing, rehabilitating, or modifying any excess equipment
13 furnished under chapter 1 of title I, all parts, accessories, or
14 other materials used in the course of repair, rehabilitation,
15 or modification shall be priced in accordance with the cur-
16 rent standard pricing policies of such Agency.’ ”

17 On page 63, line 5, strike out “ (1) ” and insert “ (2) ”.

18 On page 63, line 7, strike out “ (2) ” and insert “ (3) ”.

AMENDMENTS

Intended to be proposed by Mr. FLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 61, line 19, after the word "sums" and before
- 2 the word "as", insert the following: " , not to exceed \$2,000,-
- 3 000 per annum,".

AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 35, lines 1 and 2, strike out "\$835,000,000"
- 2 and insert "\$700,000,000".
- 3 On page 63, beginning with line 19, strike out all of
- 4 section 13, through line 2 on page 64.

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

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Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 44, beginning with line 15, strike out down
- 2 through line 15 on page 45.
- 3 Renumber subsections of section 8 accordingly.

Calendar No. 1657

85TH CONGRESS
2D SESSION

H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 4, 1958

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 6, 1958
For actions of June 5, 1958
85th-2d, No. 90

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HIGHLIGHTS: Senate debated mutual security bill. Senate committee reported general Government matters and independent offices appropriation bills. Pay-raise bill was sent to conference.

SENATE

1. FOREIGN AID. Continued debate on H. R. 12181, the mutual security authorization bill. pp. 9232-3, 9235-92
By a vote of 43 to 42, agreed to the Knowland amendment barring aid to Communist countries. p. 9235
2. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 10589, the general Government matters appropriation bill, and H. R. 11574, the independent offices appropriation bill (S. Repts. 1655, 1656). p. 9221
3. PAY RAISE. House and Senate conferees were appointed on S. 734, the Federal pay-raise bill. pp. 9181, 9230
Regarding this bill, Sen. Johnston stated: "I have been informed that the House conferees will not be available to meet this week. I am hopeful that as soon as I return to the city on Wednesday of next week, the conferees will be able to meet and come to a decision promptly." p. 9248

4. ECONOMIC SITUATION. Sen. Clark said "complacency, ...drift and indecision, prevails in relation to our domestic economy." pp. 9218-20
5. PERSONNEL; EXPENDITURES. The Joint Committee on Reduction of Nonessential Federal Expenditures submitted a summary of its monthly reports on employment for Feb.-Apr. 1958. pp. 9221-4
6. WEATHER CONTROL. Sen. Wiley recommended additional weather-control research for defense purposes. pp. 9227-9
7. BUDGETING. Both Houses received from this Department a report on an over-obligation; to Appropriations Committees. pp. 9214, 9220
8. SURPLUS COMMODITIES; TRADE AGREEMENTS. Sen. Watkins submitted (June 3) an amendment which he intends to propose to H. R. 12181, the foreign aid bill, to authorize use of CCC surpluses to alleviate economic hardship caused to foreign workers through use of the escape clause of the Trade Agreement Act.

HOUSE

9. DEFENSE APPROPRIATION BILL. Passed with amendment this bill, H. R. 12738. pp. 9175-6
10. PERSONNEL. The Post Office and Civil Service Committee ordered reported S. 1901, to grant overtime pay for irregular and unscheduled hours of work beyond regular tours of duty (for fire fighters, etc.). p. D504
The Post Office and Civil Service Committee established a special subcommittee on Federal employee training bills (H. R. 6001, H. R. 1989, and S. 385) consisting of Reps. Hemphill, Granahan, Young, Scott (N. C.), Cederberg, Johansen, and Dennison. p. D504
Received the conference report on S. 72, to increase annuities payable to certain annuitants from the civil service retirement and disability fund (H. Rept. 1848). pp. 9179-81
11. TAXES. Passed without amendment H. R. 12695, the tax rate extension bill, after discussion of the economic situation. pp. 9184-203
12. NEWSPRINT. Rep. Friedel urged the Justice Department to investigate whether the newsprint industry is violating anti-monopoly statutes. pp. 9203-4
13. WATERSHEDS. The Agriculture Committee approved the projects for Cancee Creek, Ky., and Wild Rice Creek, N. Dak. and S. Dak., under the Watershed Protection and Flood Prevention Act. p. 9213
14. ADJOURNED until Mon., June 9. p. 9213

BILLS APPROVED BY THE PRESIDENT

15. RECLAMATION. H. R. 6940, to authorize the Interior Department to reimburse landowners and tenants for expenses, leases, or damages incurred in moving themselves, their families, and their possessions, when such moves are occasioned by the acquisition of lands for water conservation and other public-works projects under the jurisdiction of that Department. Approved May 29, 1958 (Public Law 85-433, 85th Congress).
16. WATER COMPACT. S. 2557, to allow additional time for negotiation of certain compacts by Neb., Wyo., and S. Dak., for division of the Niobrara River waters. Approved May 29, 1958 (Public Law 85-427, 85th Congress).

When this project began, Nepal had a rate of illiteracy of over 97 percent. Nepal is a nation of approximately 10 million population in a mountainous realm of 54,000 square miles. This is the realm where Mount Everest is located. Both Dean Jacobson and Dr. Wood have been in Nepal—the latter for over 2 years in developing a method of training some 2,000 teachers so that the people of Nepal can learn to read and write.

Furthermore, Dr. Charles D. Byrne, former chancellor of the Oregon system of higher education, helped to establish this entire project during his own residency in Nepal of over 2 years.

I have been informed by Dean Jacobson, by Chancellor Byrne and by Dr. Wood that, without such an educational program as is being instituted in Nepal under the point 4 phase of our mutual-security program, the perils of Communist infiltration and dominance of that country would be greatly increased. In the words of Dean Jacobson, "Ignorance and illiteracy are the soil in which the seed of communism flourishes the most readily."

In addition to this educational program under the sponsorship of the University of Oregon School of Education in Nepal, a number of outstanding Nepalese students are presently studying education on the campus of the University of Oregon in Eugene, Oreg. Each one of these visitors to our shores has signed an agreement that he will serve as a teacher in his own country of Nepal for at least 5 years, following his graduation as a qualified teacher from the University of Oregon.

Mr. President, along with these remarks, I shall make available to the Senate a special report on this project which reviews the impressive progress of the educational program conducted in Nepal with the assistance of the University of Oregon. I only want to say briefly, however, that I am particularly pleased that the role of the institutions of my own particular State, in our United States technical assistance program in this case, should be in the field of education. I consider this especially gratifying, first, because education is one aspect of life and of community responsibility which has stood extremely high in the scale of values of the people of Oregon. Not only does my State rank near the very top in the United States, with respect to the literacy and educational levels of its citizens, but by and large educational expenditures have also received a measure of support in the communities of Oregon which compares very favorably with the national averages. Because they, themselves, place such a high value on their schools, I am sure that the men and women of Oregon share my satisfaction that it is the field of education in which the University of Oregon is assisting the people of Nepal, and that they will gladly support the technical assistance program under which this is done.

Secondly, I am glad that this should be the particular role assigned to Oregon's State University, because, of all the various social functions, education and

enlightenment are at the very core of our theory of democratic self-government. It is the premise of our political faith that, to the extent that men and women are given the basic tools of literacy and of knowledge with which to judge the facts, they will be best equipped to determine their own individual and social best interests. It is in this spirit that technical assistance is offered to the kind of educational program which is being developed in Nepal with the assistance of the University of Oregon.

Contrary to what would be the case if Nepal, and other countries in its situation, were to get assistance for its necessary educational programs from Communist sources, I am sure that no all-pervasive political and social ideology is included in the program we have in Nepal—unless it be the basic philosophy of free inquiry. That philosophy, and no specific economic or political doctrine, will be all that the Nepalese teachers will have received from their collaboration with the able educators of the University of Oregon—and that philosophy among Nepal's teachers, I am sure, can make the greatest contribution towards a deep-rooted tradition of a free and democratic society in Nepal. It will be a society devoted to human liberty.

In conclusion, Mr. President, I ask unanimous consent to have printed in the RECORD the Special Report on Teacher Training and Higher Education Activities, published on January 15, 1958, by Messrs. A. P. Pradhan, manager for the Government of Nepal, and Hugh B. Wood of the University of Oregon, manager for the United States mission.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SPECIAL REPORT—TEACHER TRAINING AND HIGHER EDUCATION ACTIVITIES (JANUARY 15, 1958)

(The following report has been prepared to summarize the major achievements of the teacher training and higher education project conducted under the joint auspices of the Ministry of Education, GON, and the University of Oregon, division of Education, USOM, since June 26, 1954. The agreement, under which these activities have been carried out, assigned to this project the following major responsibilities.)

I. The training of 1,500 primary school teachers within a 3-year period and the establishment of normal school facilities to train up to 1,000 teachers per year.

II. The training in the United States of staff members for a College of Education.

III. The establishment of a College of Education.

IV. The establishment of a program and facilities for printing school textbooks and other educational materials.

V. The improvement of higher education and the development of a national university.

It is gratifying to be able to report that all of these targets have been attained and even more. Specifically, the following achievements may be noted:

1. In 1954-55, a 46-man National Education Planning Commission surveyed educational conditions in Nepal and mapped out a master scheme for education for the next 25-50 years. Their report, Education in Nepal, published last year, is a monumental landmark in education.

2. More than 1,500 primary school teachers have been trained in the normal school in Kathmandu and 6 mobile training centers scattered throughout the land (Birgunj, Nepalgunj, Dharan, Ilam, Tansen, Pokhara). Mobile centers will extend training services in 1958 to Patan (Baitadi), Silguri (Doti), Dhang, and Chainpur, and will continue at Birgunj. Several hundred teachers have also received refresher courses. After the winter vacation period, nearly 90 percent of these teachers will have found teaching positions in the schools of Nepal. The current annual operating cost of this program is approximately N/C Rs. 140,000.

3. Twenty-nine Nepalese educators have received, or are now receiving, training in the United States. Sixteen of these are in teacher training, 5 are in arts and sciences, 3 are in university administration, and 5 are in special subjects.

4. A degree-granting College of Education has been in operation about a year and a half. By the beginning of the new term in March, its enrollment will be about 155; ultimate enrollment of 200 students is planned. Its curriculum, staff, library, demonstration school, and other facilities are among the finest in this part of the world. Central Institute of Education of Delhi University has recognized the high standards of the college by indicating a willingness to accept its board of education graduates for postgraduate work in the medical education degree. Recently, an evaluation of the college was undertaken by a committee of 55 local and foreign educators. (This is probably the most comprehensive evaluation that has ever been made of any of the GON/USOM joint projects.) Although the detailed work and report of this group will not be completed for several weeks, members of the committee have given high praise to the work being done at the college. The current annual operating cost of this 4-year degree college, including administrative and business accounting costs for the entire project, is approximately N. C. Rs. 180,000.

5. More than 2,000 young Nepalese men and women have been given or will receive in 1958, small stipends or scholarships which have attracted promising candidates to the teaching and other professions, and enabled them to take training for important careers. Although most of these stipends previously have been given to prospective teachers, they are now open on a competitive basis to students from all of the government-recognized colleges in Nepal. The annual cost of this program for 750 students is approximately N. C. Rs. 350,000.

6. A model demonstration school has been established at the college of education as a laboratory for demonstration teaching and research essential to training teachers. Enrollment will be 175 at the opening of the new term in March. The annual operating cost of this activity is N. C. Rs. 20,000.

7. A bureau of adult education has been established at the college of education in cooperation with the educational activities division of the cooperative service in education. Under this program, materials for teaching literacy have been prepared, 300 literacy classes for 6,000 adults have been opened, and 300 more classes for 6,000 adults will be in operation within 2 months. Radio education will be provided through special broadcasts from Radio Nepal and the distribution of radios to 125 villages immediately, and to more later. The cost of this program is borne partly by the college of education, but mostly by an annual budget of N. C. Rs. 150,000.

8. Two activities have been developed to provide textbooks and other instructional materials for our schools, colleges, and adults. (a) The Bureau of Publications of the college of education has prepared and published more than 150,000 books and pamphlets under 35 titles during the last

15 months. It will soon be a self-supporting. (b) Equipment for a modern education press (ultimately to become the university press) has been ordered, and personnel are being trained for its operation. The cost of the equipment is approximately N. C. Rs.350,000. The press will be housed temporarily at the college of education, and will be self-supporting. It is expected to be in operation by June of this year.

9. The university commission, the ministry of education, the committee on higher education, and other agencies have all worked toward the development of the climate and facilities for the immediate establishment of a national university. The University of Oregon contract technicians have provided assistance to each of these agencies in accordance with GON/USOM agreements. Among the major achievements of these several agencies may be noted the following: (a) a charter for the university has been drafted, (b) a site has been acquired, (c) blueprints and models for a university campus and its buildings have been completed, (d) more than N. C. Rs. 700,000 worth of equipment has been purchased to upgrade the facilities of the existing colleges which will become part of the university, (e) more than N. C. Rs. 250,000 worth of new books have been purchased for the fine professional library at the College of Education and the new centralized general library at Tri-Chandra College, which will be used by students from all of the colleges, (f) additional professors have been employed to extend the present services of some of the colleges, (g) a centralized audio-visual aids service has been established to serve all the colleges, and many other steps have been taken to bring about a closer coordination and unification of the existing colleges into a national university.

This brief summary has covered only the major achievements of this project. Many others, and the details of the ones mentioned above, will be found in the following documents:

- (a) Chapter 20 of Education in Nepal, the report of the National Education Planning Commission, p. 237-254.
- (b) The 5-year plan for education in Nepal, based on the report mentioned above.
- (c) Catalog of the College of Education.
- (d) Certain articles in the Education Quarterly.
- (e) Monthly and quarterly financial and narrative reports.
- (f) News release of January 10, 1958.
- (g) Memo or estimated expenditures, 1957-58.

A. P. PRADHAN,
GON Co-Manager.
HUGH B. WOOD,
USOM Co-Manager.

SOME RESULTS OF FOREIGN-AID PROGRAM

Mr. JOHNSTON of South Carolina. Mr. President, after 13 years and the expenditure of \$70 billion our foreign-aid program has "come a cropper."

On several continents anti-Americanism has been manifest in various forms of violence.

Our lavish gifts have been literally thrown back in our face; our aid program, instead of winning friends, has earned us contempt.

I have in my hand three newspaper articles which vividly bear out my statements. I ask unanimous consent to have them printed at this point in the RECORD.

The first, entitled "Loss of Prestige Long Underway," was written by Drew Pearson, and was published in the Wash-

ington Post and Times Herald of May 23, 1958.

The second is entitled "Nepalese Critical of American Aid," and was published in the Richmond Times-Dispatch of May 11, 1958.

The third is entitled, "Trouble on Three Continents: United States Pays for Lack of Firm Policies," and was published in the Anderson Independent of May 19, 1958.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

LOSS OF PRESTIGE LONG UNDER WAY

(By Drew Pearson)

EN ROUTE.—Traveling through Europe right now, an American gets the impression that the entire roof of American foreign policy has come tumbling down about our ears. Our staunch friend and ally of 175 years, France, is in the throes of a mortal political struggle. Our Vice President was almost killed by our alleged good neighbors in Latin America. And one of the friendliest pro-Western nations in the Near East, Lebanon, is in danger of going over to the Nasser-Soviet bloc.

On top of all this, Russia launches a sputnik 100 times larger than anything we have put in the air.

European friends who want to support, and still do support, the United States ask you a bit reproachfully: "How come?"

The answer is that foreign policy does not collapse suddenly; it erodes.

Take, for instance, the shocking indignities suffered by Vice President NIXON in Latin America. Anyone who has been following Latin America affairs could see it coming.

ASIA-FIRST ADVOCATE

Latin-American editorials first chided Nixon when he barnstormed through Asia in 1953 and advocated an Asia-first foreign policy for the United States. Latins know, what Nixon apparently didn't know, that Asian-African tropical products compete with Latin America's tropical products. The more coffee, cocoa, tin, etc., we buy from Asia and Africa the less we buy from Latin America.

MEANY ACCLAIMED

On the other hand, George Meany, head of the AFL-CIO, visiting the same countries which booed and almost murdered Nixon was acclaimed a hero. In Montevideo, where Nixon was hissed because of our tariff on wool, Meany got a rousing reception from the Uruguayan Trade Union Council. He, Dave Dubinsky of the Ladies Garment Workers, and O. A. Knight of the Oil Workers, who accompanied him, joined the Uruguayans in a solemn pledge against dictatorships.

In Peru, where Nixon had such an unpleasant time with university students, Meany got an ovation.

In Washington last month, I sat with the new Ambassador from Venezuela, Hector Santella, an hour after he presented his credentials to President Eisenhower. The Ambassador was educated at Texas A. & M. University and Harvard; likes the United States. He was strong in his praise for Ike and the cordial reception given him by the President.

Two days later, Mr. Eisenhower, despite previous smiles, slapped a new restriction on Venezuelan oil.

Venezuelans remember this. More important, they remember the acclaim we gave their former President, dictator Perez Jimenez, and his brutal secret police chief, Pedro Estrada, both charged with the wholesale murder of political opponents.

Vice President Nixon now advocates a new United States policy of keeping aloof from

dictators. This is important. But the change will have to be made in some very high places and will have to be executed vigorously to wipe out memories of the past. Here is part of the record of American coziness with dictators that will have to be wiped out:

Col. Gordon Moore, Mrs. Eisenhower's brother-in-law, has been closely associated in business deals with dictator Trujillo of the Dominican Republic.

John Foster Dulles' son-in-law, Robert Hinshaw, took his family to Trujillo City in Trujillo's private plane and remained there 3 months at the dictator's expense.

Henry Holland, ex-Assistant Secretary of State for Latin-American Affairs, got on the payroll of dictator Trujillo's mining consultant, also worked with dictator Perez Jimenez in handling various oil problems for American companies.

John Roosevelt (Republican), Charlie Willis, former White House aid, and Wesley Roberts with Douglas Whitlock, both formerly of the GOP National Committee, became public relations representatives of the new dictatorship in Haiti.

NEPALESE CRITICAL OF AMERICAN AID

KATMANDU, NEPAL, May 10.—The United States foreign-aid program has become a political football in this mountain kingdom 11,000 miles from Washington.

Some Nepalese politicians have little good to say for a program that already has pumped more than \$10 million into the Illinois-size realm and this year will spend \$10 million more.

The most extreme critic, former Prime Minister K. I. Singh, contends the aid program is actually hurting America's prestige here. "Why do you buy discredit instead of credit?" Singh asked an American visitor.

He has charged that United States officials used buying tactics to insure that United States aid was used as the United States saw fit. He asserted United States and British missions sought to help elements fighting Red rule in neighboring Tibet. This, he contended, would drag Nepal into the vortex of international conflict and could result in another Korea.

United States Ambassador Ellsworth Bunker this week denied the United States has interfered in Nepalese affairs. His statement said the United States considers Nepal a sovereign and independent nation. He emphasized that all projects here involving United States funds were chosen and approved by the Nepalese Government.

Some observers say Singh denounces American aid for lack of a better political issue to work on. But other political leaders also criticize the way the dollars are being spent. As a result, the 44 United States technicians now in Nepal find themselves often on the defensive.

Nepal did not really enter the 20th century until 1950, when the Rana dynasty of hereditary prime ministers was overthrown. The Ranas had rigidly kept out foreign influences for more than 100 years.

Approaching democracy for the first time, Nepal had no telephones, no railroads, and no highways. Less than 3 percent of the people could read and write.

In the first 6 years after the Ranas were overthrown, Nepal had nearly a dozen governments. They changed so fast that the program hardly got off the ground until 1956, during the administration of Prime Minister Tanka Prasad, which lasted nearly 18 months.

When Singh took over he wanted a different set of projects. The aid program again halted practically dead in its tracks.

But after 110 days Singh was himself fired. King Mahendra took over the Government through a secretariat reporting to the palace. The aid program resumed as before.

Along the way, the ideas of many political leaders have been thwarted. One of the big arguments is the level which the aid program should take.

Should United States technicians build a multimillion-dollar airport and a 200-bed hospital as some political leaders suggested? Or should they concentrate on training teachers, improving rural health and agriculture, and building roads and a communication system to join a country which has virtually no links but footpaths?

"We want to give them what they want," one United States official said. "The only thing we try to ensure is that the projects are worthwhile and practicable."

Joint boards are currently operating in agriculture, minerals, industry, health, education, village development, public works, and for the Rapti Valley of central Nepal where a multipurpose development scheme is opening up 30,000 acres of virgin land to agriculture and industry.

Other major projects agreed upon this year include a road system covering 900 miles and a ropeway to connect the developing Rapti Valley with Katmandu, thereby allowing commerce to move over the mountains in between.

United States representatives express hope that recognition of their work will come when roads connect different parts of the country, and when ropeways bring the expanded produce of the Rapti Valley over the mountains to Katmandu.

The ropeways, with footbridges, are important to the country because so much of its landscape is almost vertical. Roads are out of the question in some areas.

TROUBLE ON THREE CONTINENTS: UNITED STATES PAYS FOR LACK OF FIRM POLICIES

The anti-Nixon riots in Venezuela, the French Army seizure of Algeria, the anti-Western revolt in Lebanon are all part of a calculated pattern.

They are tragic evidence that the hate-mongers are at work on three continents, their disruptive work all aimed at the ultimate objective of bringing the United States to heel.

The fury that seized Caracas was fomented by Communists, who played on latent anti-American feeling to whip up mob frenzy.

If the pattern is confused in Algeria, it is because it is obscured by 43 months of armed revolt. Nationalist aspirations were seized upon by Communist agents to destroy all chances of peaceful agreement safeguarding the interests of the 1,200,000 French settlers and the 9 million natives.

The settlers have been hounded by terror, spirited away from their homes and killed.

A vast number of natives, perhaps a majority, have been cowed into acquiescence and complicity.

The French Army in desperation has taken matters into its own hands to hold Algeria, an integral part of France, in the Republic.

Loss of Algeria, it fears, would be the beginning of the disintegration of France itself. There the largest Communist Party outside the Iron Curtain is ready to take control, or to precipitate civil war.

The revolt in Lebanon is a direct interference in the internal affairs of a small, peaceful country. Encouraged by radio voices from Cairo and Damascus, seats of the Communist-supported United Arab Republic, mobs arose in the capital city of Beirut and the second city of Tripoli.

They sacked and burned American information libraries, cut the oil pipelines carrying oil from American refineries for Western Europe, and attacked homes of pro-American government officials. That the insurrection was led from Egypt and Syria and supplied with arms procured from the Soviet was beyond question.

What do these incidents on three different continents mean?

Others could be coupled with them to prove they are worldwide.

They indicate that international communism is on the offensive that the Moscow-Peking axis is stepping up sabotage and subversion to destroy and ravage and foment rebellion and revolt.

Their object is to discredit the United States by striking at friends, institutions, dignity, and honor.

Marines and paratroopers were sent to the Caribbean in jittery action to protect the Vice President.

The United States Sixth Fleet in the Mediterranean does not stop sabotage.

Shows of power does not strike at the heart of the problem.

That is in Moscow, where world revolution is still the overriding aim and confusion to the United States the chosen process to soften her for the kill.

Lack of firm leadership in the White House during the past 5 years is proving costly.

Mr. JOHNSTON of South Carolina. Mr. President, perhaps the most singular aspect of bungling in our foreign aid program has been the shoveling out of billions of dollars worth of aid to countries in far away places while we have neglected our neighbors in Latin, Central, and South America.

The natural resentment of those neighboring people to the South was made visible upon the recent ill-starred tour of our Vice President to those countries. It was most regrettable that Vice President Nixon and his lovely wife had this resentment visited upon them personally. The indignities they suffered were not meant for them as individuals but as representatives of our country. This knowledge should give us pause.

I have pointed out before that it is a matter of mutual advantage that the United States constructively assist the nations of Latin, Central and South America to develop their resources and economy. Those countries are blessed with an abundance of raw materials; they need our assistance to improve techniques, to purchase machinery, to develop methods of manufacturing, and to find markets for their natural products. In aiding them, we help ourselves.

Apart from the considerations of trade, and dollars and cents, the plain fact is that the mutuality of our interests are nowhere more marked than in the vital area of defense. The successful defense of North America requires the friendly cooperation and collaboration of the peoples to the South of the Border. This is a primary requirement. Self-interest demands that we cultivate the best possible relations with those people. We must see to it that they have the economic tools with which to work so they can achieve national strength and economic stability. We must enjoin the issue and present a united front on the whole American Continent to the hostile powers which might contemplate any overt move against the Americans.

In the application of the Monroe Doctrine we would certainly move against any power which would make a military move against any of the American nations. In like manner we must be prepared to make what I call a modern application of the Monroe Doctrine by assisting such states so they will not be

overcome by economic penetration, by fifth column movements, or by subversion.

To this end, I contend we must, in enlightened self-interest, pay greater and closer attention to our neighbors South of the Border, be more considerate and zealous of their welfare, and take bigger steps in their economic behalf. The lack of wisdom of the policy of scattering our national funds across the face of the earth I hope is manifest, and it should require no further elaboration.

YOU AND SPACE—ADDRESS DELIVERED AT GERMAN-AMERICAN FOLK FESTIVAL OF MINNESOTA

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an address entitled "You and Space," delivered by Friedrich Graf von Saurma, Special Assistant, Development Operations Division of the Army Ballistic Missile Agency, at the German-American folk festival, held in Minnesota on May 25, 1958. Dr. von Saurma made a very informative and impressive speech, of particular interest to the people of the Northwest. It was my honor to introduce Dr. von Saurma at the festival. One paragraph of his speech stood out most prominently; and I quote it, as follows:

The exploration of the universe will be an adventure continually opening new doors and allowing men to recognize and analyze the beauty and order of the laws which govern the universe.

Mankind may come to realize that war will result in nothing but catastrophe. Men may grasp the truth that there is something much bigger than his little world. Before the mystery of what he will find out there, he must stand in reverential awe. Let us strive for and attain that understanding which is an essential predicate to human happiness that human government must conform to God's will.

Mr. President, I ask unanimous consent that Dr. Saurma's entire speech be printed in the body of the RECORD. I have had many requests for copies of the speech from the German people of my State. A very large percentage of the population of Minnesota is comprised of descendants of Germans.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

YOU AND SPACE

(Address by Friedrich Graf von Saurma, Special Assistant, Development Operations Division, Army Ballistic Missile Agency, May 25, 1958, German-American folk festival, Minnehaha Park, Minneapolis, Minn.)

It is a genuine honor and by pleasure to be your guest speaker here at the German-American folk festival of Minnesota, and to discuss the subject of You and Space.

The questions of technical feasibility of manned and unmanned space flight have made the headlines in all the numerous discussions held on space travel and the conquest of space. The spectacular success of the sputniks and explorers is convincing to every citizen in this country that we stand on the doorstep of a new age.

Today the public knows that technical problems connected with future space flights can be solved, but so far only few realize the tremendous political, economic, and scientific changes and the progress in this field

that are certain to result from the conquest of space.

To prove this, we can name three reasons.

1. The military and political aspects of rocket engineering and space travel decisively influence our political thinking.
2. The scientific exploration of space will rapidly change our economy.
3. The theoretical aspects will sooner or later change our scientific knowledge of the world in which we live.

Let us consider first:

1. The military aspects of rocket engineering and space travel, which influence our political thinking.

The great technical progress achieved within the last 150 years has caused a complete change of our aspects of the world. This change took place and is taking place with such speed that it is difficult for us to keep pace with it.

More than anything else has the invention of newer and faster means of transportation radically changed our concepts of distance and time.

Considering this fact, our question is:

How will the results of this revolution, the conquest of space, affect us?

To answer this question, let us compare the consequences of earlier revolutionary changes, since it is not the first time that human concepts of distance were suddenly changed.

Let me mention one example: The invention of sea-going schooners by the Portuguese in the 15th century.

In the political field each change in the mode of conveyance caused the liquidation of the existing form of government and the formation of a new system on a higher basis that would correspond to the new demands.

Until the end of the 15th century municipal states like Venice, Genova, Florence, Nuremberg, and Gent represented the prevailing form of government.

With the invention of seagoing vessels this form of government completely lost its importance and was replaced by the national governments, which ruled world politics and economy from the 16th century until today.

Right now we have to face the fact that the national governments of our time are in the same position as Venice or Florence in the 16th century.

Today, perfection in aviation, rocketry and in the atomic field after World War II dethroned the European national governments and raised the United States and the Soviet Union to their present domineering status.

Considering the fast progress made in all areas of technical warfare, the question arises, if these two giants, Russia on one side and the Free World on the other side, will be strong enough to hold out to the end of this race.

This question confronts us with the problem to analyze our national position over against international communism.

The objectives of international communism have been stated so often and have remained so consistent, that there is little difficulty in restating them in simplified terms.

The basic permanent objective of international communism is to bring the entire world under the influence, if not the actual domination, of the communist system and thus eliminate all competition. Any means toward that end are acceptable. The recipe is simple. Preparation of revolution in those areas, not ruled by communism, and terrorism as the natural policy in those areas, dominated by communism.

Facing international communism as a fact, a clear examination of our military situation is necessary.

In the fall of 1944 the first V-2 was launched. In August 1945, the atomic bomb appeared in history. The atomic bomb and the long range rocket, cataclysmic in itself,

have now been combined to a world frightening weapon.

The United States possesses nuclear weapons as a deterrent. The Soviet bloc also builds new weapon systems which it dare not use, not for reasons of humanity, but for reasons of self-preservation. Thus, at the moment peace is more or less the inability of the Soviet bloc to start an all-out war.

All-out war would pave the way for the dominance of the world by states, whose social structure and forces have remained more or less intact during the death struggle of the superstates. Thus, we may conclude, both sides face the same dilemma, that the power of nuclear weapons may have made all-out war useless as an instrument of policy except for acts of desperation.

But we have to assume, that Russia is not at all in a desperate position and knows its political possibilities and limitations very well. Its efforts in the scientific and technical era prove its awareness of the world situation. Russia knows, that even the short time advantage in the area of long range ballistic missiles would not avoid the possibility of massive retaliation of United States forces from air bases around the Russian mainland.

Adding all these facts, I believe that Russia, considering the implications of using hydrogen weapons and the danger of becoming engaged in an all-out war, has made a complete change in her policies and approaches to world domination. This fact might find its proof also in the decision, to discontinue their nuclear tests.

Russia may have learned that the idea of atomic warfare and rockets, as carriers of complete devastation and destruction, is an obsolete approach to world domination, that rocketry could be developed to a much stronger weapon, namely to transfer Communist domination into space.

I am convinced that Wernher von Braun is right in his opinion, that the Russian dictator Khrushchev considers control of space around the earth in much the same manner, as the great maritime powers considered the control of the seas from the 16th to the 18th centuries.

Russia realizes, that a large number of skilled engineers and scientists are needed to conquer space and even more important to them is the mass production of scientists and engineers, creating an army of Russian technicians, available to be sent to Asia, Africa, Latin America; countries hungry for the knowledge and know-how, these men command. Thus, the Russians will not only transplant technical skill, but also spread communism into those underdeveloped and undereducated countries.

What are the military consequences in controlling space? What possibilities and advantages has the control of space for a world power? Is the statement true that, who controls space, will definitely control the earth? Let me discuss the technical facts in the light of military aspects.

One man, even if he is the first to circle the earth at a speed never before experienced by human beings, cannot by himself constitute much of a threat. But it is also quite feasible, to equip that pioneer with modern electronic devices, which would afford him superhuman capabilities for many purposes. The military importance in the field of space flight is based on the following major premises:

1. A satellite of the weight of Sputnik III could carry a combination of optical and television equipment to serve as a most efficient reconnaissance instrument. It could retain pictures taken over enemy territory and play them back over friendly territory. This can be accomplished in such fashion, that nobody could jam its signals, because, there would be no radio contact with the satellite, over enemy territory.

The nation or the group of nations that is first to achieve this goal will definitely dis-

turb the existing balance and increase its own military and political strength tremendously.

There are many examples of military utilization of earth satellites which may explain the importance of satellites in the military field of our future.

2. I mentioned before that the scientific exploration of space will rapidly change our economy. Unfortunately in this grim contest between Russia and the free world, a great deal of information must remain hidden in the interest of national security.

The practical solution of the problem of space travel demands technical efforts far exceeding those of the biggest projects men ever completed before.

Of course, this raises the question:

Why shall we promote space flight?

Which are the expedient and practical demands of men that can only be satisfied by space travel?

This question has not found sufficient attention before.

Let us assume that all technical problems of space travel were solved and that we have developed rockets equipped for scientific studies and technical exploration.

How could we make use of those technical possibilities? For what purposes would we use our space ships?

What would be the financial reward and the value of our investments?

The American taxpayer is interested in this question.

Space travel definitely will open numerous fields of tremendous economic possibilities.

The technical progress of our century so far has been based on the fact that we made use of all chemical deposits found on the earth. There is no chemical element which does not find its application in the technical field.

To obtain these products, we can exploit the small regions of the upper layer of the earth. In this upper layer, we only find traces of certain heavy and precious metals, much needed for our industry, while large quantities can only be found at a depth below 60,000 feet, forever, inaccessible to us. For example, iron, chrome, copper, cobalt, gold, and platinum.

From outer space, the meteorites that fell on our earth, we learned, that other planets have a great amount of some of these important raw materials, easily exploitable. Precious metals in the form of powder or dust may be easily available on the surface of the moon.

Furthermore, we can assume that our space ship can head for a small planetoid consisting of meteoric iron, change the orbit of this planetoid, and direct it to a desert part of the earth. This would provide us with sufficient precious raw materials now unobtainable on the earth for generations to come.

There are about 2400 planetoids observed and registered in different sizes, as remainders of larger planets consisting of pure nickel-iron and platinum.

A satellite can become the most efficient communication carrier ever invented. By combining modern techniques of high speed coding as used in electronic digital computers, with modern broad band tape recorders, you may print an entire book upon a tape in 2 or 3 seconds.

Providing a multichannel tape recorder in a satellite, and by radio to ground stations, messages can be flashed up to the satellites, as it passes a big town, let us say Chicago, and 5 minutes later as it passes Washington it plays back the messages for Washington and takes on new messages for Cape-town.

The storage capacity of this equipment is so astronomical, that the entire mail volume of the earth could be handled with about six orbiters operating as a unit.

Satellites can furnish the most reliable weather forecasting service. One of the

greatest difficulties in weather forecasting is, that no one knows exactly, how much cloud cover exists over the earth at each instant. But a second rate camera could provide us with the entire story, if installed in an orbital vehicle. Storms and hurricanes could be predicted with very great accuracy.

The combination of satellites with earth-bound weather influencing methods, like rain seeding, could provide a combination of forecasting and weather making.

There is no doubt that the great efforts and expenses now involved in the exploration of space will bring tremendous economic rewards, changes and progress. History shows that each new field of human activities has contributed to economic progress to an extent, beyond expectation.

3. The theoretical aspects of space travel will change our knowledge of the world, in which we live.

We should remember that it will be the new scientific knowledge to be gained by space travel that will be the basis for the economic progress.

In striving for scientific knowledge the objective has always been to find the common law in a variety of phenomena. Only when comparing different phenomena men will be able to find and establish such a common law.

To name an example: Right now we feel pretty sure about our knowledge of life and the laws governing it, as if we would know the secrets of its creation. We should realize, however, that our observations are limited to the observations made on our planet, the earth.

Undoubtedly we will gain tremendous and surprising knowledge as well as develop completely new theoretical aspects, if we can study and compare the development of life on a different planet.

It is highly probable that we can expect to find some kind of life on the planet Mars. The first logical proof for it derived from geochemical studies by Victor Moritz Goldschmidt in Goettingen, already in 1930. So far his concepts have always been confirmed.

Mars with the yellow color, visible by the naked eye shows the presence of rust colored iron oxide; which is proof that at least in former times organic life existed.

If organic life exists or has existed on the Mars, we should find fossils just as we do on earth which will show the historic development of life.

Searching for new discoveries, the study of neighboring planets will increase our knowledge in the field of geophysics and geochemistry.

Based on geophysical and geochemical facts we established our concepts of the creation of the planetary system. Two strictly opposed theories exist and at present time we cannot decide which is the correct one.

One theory states: "The celestial bodies of our planetary system were formed at the same time or almost at the same time."

The other theory states: "The celestial bodies of our planetary system have developed one after another so that older ones are found at a greater distance from the sun and the younger ones closer to the sun."

This question could definitely be answered if we could set our feet on some of these celestial bodies.

Of practical value will be the scientific discoveries comparing geophysical studies of different objects in the solar system. Our knowledge of the causes of earth magnetism is limited, we know little of the forces or reasons causing a change of earth magnetic constants.

These changes require a constant correction of our magnetic maps, so important for navigation on the sea and in the air. We cannot make any forecasts how the variation will change in the future. By collecting magnetic data from the two bodies closest to us, Mars and Moon, and registering the

slow changes we shall be able to draw conclusions showing the reasons for the variations of earth magnetism.

For the astronomy, direct observations from bases on the moon avoiding the disturbances of the atmosphere will bring valuable advantages. Only then will it be possible to make complete use of the advanced status in the manufacture of telescopes, with their high degree of magnification power, now available.

From the surface of the moon the astronomers will be able to see without interference all light waves and corpuscular rays otherwise absorbed by the atmosphere.

Continuous measuring of ultraviolet radiation, without atmospheric absorption will help to establish long term weather forecast, only possible from a moon base.

In all civilized countries the costs for mapping and geodetic surveys present a considerable factor in the fiscal budget.

Accurate maps are basic necessities for cultivation projects, highway and railroad construction. In spite of the facts that all civilized countries have been working on modern surveying for almost one and a half century, the results still are unsatisfactory.

Exact mapping exists of only 7 percent of the total earth surface. For the remainder exact mapping and surveying have not yet been done.

The public generally has no idea how much money and time goes into accurate surveying work.

How valuable would it be to take pictures of the earth surface from a base on the moon?

We can assume that supplying exact photographic maps of the earth surface in a scale of 1 to 300,000 would already pay for all the expenses for technical development necessary for a trip to the moon.

There are immeasurable possibilities beyond the greatest stretch of human imagination, in these new horizons.

Economists and politicians certainly will study the problems involved in space exploration from all points of view, and must assure that the military field, the scientific and economical aspects retain their prime importance.

They will find out that the exploration of space will be a rewarding task, contributing to scientific and economic progress.

But more than this. The exploration of the universe will be an adventure, continually opening new doors and allowing men to recognize and analyze the beauty and order of the laws which govern the universe.

Mankind may come to realize that war will result in nothing but catastrophe. Men may grasp the truth that there is something much bigger than his little world. Before the mystery of what he will find out there, he must stand in reverential awe. Let us strive for and attain that understanding which is an essential predicate to human happiness the understanding that human government must conform to God's will.

MUTUAL SECURITY ACT OF 1958

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and I suggest to the Chair that morning business be closed.

The PRESIDING OFFICER. Without objection, the order for the quorum call is rescinded. Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business, which is H. R. 12181.

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE].

Mr. THURMOND. Mr. President, last January 9, the President of the United States appeared before the Congress and delivered his state of the Union message. In the course of that address, he made this statement:

The threat to our safety, and to the hope of a peaceful world, can be simply stated. It is Communist imperialism.

This is a clear statement. I believe I am safe in saying that every Member of this body recognizes it as a true statement. The great threat to world security today is contained in the expansionist ambitions of the Communist empire, as directed from its headquarters in the Kremlin. Yet, even though we all recognize this to be true, we are considering a measure today which will have the effect of giving financial aid to the Communist empire.

The bill, in its present form, makes a distinction between the head and trunk of the Communist empire and its arms and legs. It adopts the philosophy that we can, by giving aid to the limbs, encourage them to detach themselves from the body. It is based on the rash assumption that the Communist imperialists will permit the limbs to amputate themselves whenever they desire to do so.

I submit that we cannot nourish a part of the Communist animal without nourishing all of it. I contend that aid to a Communist nation is aid to communism. It is as simple as that.

I wish to read from a section of the report of the Committee on Foreign Relations, in which the committee presents its rationalization of this program to amend the Mutual Defense Assistance Control Act of 1951 and authorize assistance to all Communist nations with the exceptions of the Soviet Union, Communist China, and North Korea. I quote now from the report:

A number of important developments within the Communist bloc have taken place since 1951. Communist China has become a significant power within the Communist movement. The apparent monolithic solidarity of the satellite countries has proved in some cases to be synthetic. A series of cracks has appeared in the Iron Curtain. There is conclusive evidence that the subject peoples in eastern Europe have never fully accepted communism * * *

Thus it is now apparent that, in addition to nations dominated completely by the Soviet Union and nations free of such domination, there is a third category of nations in the process of moving away from Communist control and establishing some measure of independence. * * * Some have already achieved an important measure of independence, and some have obtained a full measure of political independence but continue to be economically dependent upon the Soviet Union or Communist China.

As a justification of a program for aiding Communist nations, this rational-

ization fails to satisfy me, in several important respects:

First, and perhaps most importantly, it makes the error of confusing the ambitions for freedom held by the people of the satellite nations with the ambitions of the governments of those countries. The great masses of people, I agree, would like to strike off the shackles of communism. If we could find a way effectively to aid these people, in a direct fashion, we might be able to make a contribution to the peace of the world. The plain and simple fact of the matter, however, is that aid to Communist states must be administered in close cooperation with the Communist governments of those states. Is it reasonable to suppose that these Communist governments will collaborate in a program designed to bring about their dissolution? I think not. Communists are not deficient in the instinct for self-preservation. No matter whence the source, Communist governments will use the assistance given them to strengthen their regimes.

Second, there is no evidence to indicate that masters of the Communist empire are willing to permit the disintegration of their domain. I need only mention the Hungarian revolt of 1956 to illustrate the point that the Soviet Union will deal ruthlessly and implacably with a member of the empire that attempts to pull away. It is true that there has been an increasing amount of political independence in the so-called satellite states. It appears, however, that this political independence is limited to the amount that the Kremlin feels to be desirable for administrative purposes.

Third, we must recognize the existence of well established trade channels between the individual states of the Communist empire, particularly between the satellites and the Soviet Union. Following World War II, the Soviet Union dismantled many industrial plants in the areas it had occupied and moved equipment and finished goods into Russia to replace Soviet installations and inventories which had been destroyed during the war. The principle was well established that critical shortages in the Soviet Union could be filled by imports from the satellite states. If we commit ourselves to a program of aiding Communist states, we must expect that some of this assistance will be used, in undercover fashion, to bolster the economy of the Soviet Union or of Communist China.

The fourth point is a corollary of the third. To the extent the Soviet Union may be required, in the pursuit of its own interests, to provide supplies to satellite nations for the relief of famine, disaster, or other emergency, any American program which undertakes to provide the same supplies is a program for the relief of the Soviet Union. As men of good will, we have a natural humanitarian desire to alleviate suffering, wherever it may occur and without reference to geopolitical considerations. However, when we attempt to come to the rescue of Communist governments and invite them to use our resources to

alleviate hardships within their borders, we are merely taking unto ourselves a burden which would normally fall on the Soviet Union or another member of the Communist empire.

Fifth, the program of aid to Communist countries which may appear to be on the verge of defecting from the Communist empire is based on a misguided concept of strategy. Our mutual-security program is designed as an obstacle to Communist expansion. Therefore, some have reasoned, the greatest effort in foreign aid should be made in those countries where the threat of communism is the greatest. This line of reasoning leads to the concept of aid to Communist countries. The Honorable Chester Bowles, formerly our Ambassador to India, stated the fallacy of this reasoning succinctly when he pointed out that we have appeared to offer a premium to those countries which have the most Communists. Mr. Bowles observed:

A nation that could produce a sufficiently frightening array of local Communist agitators was often flooded with more assistance than it could properly use, while other nations which were less well endowed with such troublemakers received little or nothing.

In view of this state of affairs, we should not be surprised when countries in Asia, Africa, and Latin America develop Communist movements. I do not believe that such movements develop as a deliberate, calculated step in obtaining liberal American aid, but it must be obvious to every foreign political leader that a judicious amount of communism in the body politic is an important requisite for obtaining assistance from the United States.

Sixth, aid to Communist nations is aid to countries which might well be fighting against us in the event of war. Every Senator is well aware of the difficulty of drawing the line between military aid and economic aid. In modern warfare, every step which is taken to make a nation self-sufficient in the economic sense is a step which improves that country's mobilization base and makes it better able to wage war. A step to improve the warmaking potential of a Communist state is like playing with dynamite.

Mr. President, in the 10 years since Congress first embarked on a foreign-aid program through its approval of the Marshall plan, we have seen many changes in the concept and form of the program.

We originally contemplated a comparatively modest plan for the restoration of Western Europe. The Marshall plan worked well. It gave some Americans the confidence to launch into a global program with multiple objectives. The global program has not worked well.

Military assistance, which most directly strengthens our defenses by building up the armed strength of our allies, has been sadly mismanaged, and at times it is even given to nations which are not true friends of this country.

I quote from House Report No. 1281 of the House Government Operations Committee:

The conclusions of the Comptroller General mean that the United States has given military aid items to some countries to equip a total force which is either beyond (1) the manpower capabilities of the country to raise, (2) the technical capability to maintain, (3) the economic capability of the country to sustain even if such a force could be raised, or (4) the desire or willingness of the recipient country to fulfill or comply with the military objectives assigned to it. It means further that the maximum military effectiveness of the countries involved could have been developed with less United States aid than that which has been furnished, or which will be furnished in the future so long as such an unrealistic basis is used for programming military assistance.

This House report was based largely on the findings of the Honorable Joseph Campbell, the Comptroller General, who deserves the thanks of every citizen for his able work as the watchdog of the Treasury.

Mr. Campbell made a number of disclosures, among them the fact that there has never been an internal audit of the military-aid program, and that no estimates have ever been developed of the long-range cost of the program.

Indiscriminate economic assistance has failed to contribute to the security of the United States in proportion to its cost to the American taxpayer.

We have assumed that economic development can pave the way for the growth of democracies patterned after our own in the underdeveloped areas of the world. However, this program of force-feeding industry and agriculture, through heavy governmental expenditures, is basically opposed to the American system of free enterprise. It is more closely akin to the principles of state socialism. In the cases where our economic aid results in a sudden increase in the wealth and productivity of a nation—and these cases are rare—we are likely to find that the government which develops is a government which relies heavily on continued governmental control of production. Dictatorship is a more likely product than democracy.

We have made the mistake of trying to buy friends. We cannot simply go forth and buy love of representative democracy and love of freedom like we can buy a ton of coal or a bushel of wheat. Love and friendship must first exist in the hearts of the people themselves, and if it does not exist there, no number of our dollars will put it there.

Who is to say that we did not have just as many friends, if not more, at the end of the World War II than we have right now? Is it not possible that, instead of curing the ills of the world with our dollars, we have added to them—by aiding communism in many instances, by subsidizing socialism in even more instances, by destroying the independence and self-reliance of many nations, by upsetting the way of life of peoples who do not want it upset?

A striking example can be pointed out by reference to a quotation from a Ceylon newspaper, which said:

If the United States withdrew its offer of aid, that would be the price Ceylon would cheerfully pay to maintain her independence * * * If any country in the world of-

fers Ceylon aid without strings she will gladly and gratefully accept as Nehru's India has done, but she cannot be bought, sold or bartered. After all, we have survived without American aid all these years and our self respect cannot be bought with dollars.

More and more we find that nations are responding to American aid in the way that Ceylon newspaper does, namely, that when a country accepts foreign aid from the United States, it feels that it is doing this country a favor. If some of the countries which receive American aid are so blinded with pride that they do not know the difference between Communist oppression and American generosity, then the time has come to stop injuring their pride with gifts of American dollars.

In addition to making the mistake of trying to buy friends, we have also made ourselves appear to be rich and arrogant, in our relations with the poorer nations of the world. The recent riots in Formosa should be evidence enough of the envious feeling we have generated among the countries which have small resources.

Through the foreign-aid program we have imposed a heavy burden on the taxpayers of today and the taxpayers of tomorrow, for this burden will persist for generations to come. Recently the Congress voted to raise the debt limit to \$280 billion. By the end of this fiscal year, we shall have authorized, or spent, approximately one-fourth of our national debt, by means of this and other giveaway programs. The interest alone on the foreign-aid portion of the national debt is costing us between two billion dollars and three billion dollars annually. At the same time, some of this assistance has been used by foreign countries to reduce their own taxes and pay off their own national debts.

I am alarmed at this program. It is wrong in its conception, and it has been bungled in its execution. In the past 10 years, many mistakes have been made, and many instances of wastefulness, extravagance, graft, and inefficiency have been brought to light. I wish to recall for a few moments several of these projects, to illustrate some of the follies of our foreign-aid program.

Our foreign-aiders have poured millions of dollars into overseas reclamation projects which will make it possible for foreign countries to reclaim thousands of acres of farmland, and thus to enable their farmers to compete with our own farmers here at home who, for the past several years, have been in an agricultural recession.

They have also helped set up textile and other industries in foreign countries where low-wage competition can have further adverse effects on our domestic employment. Of the foreign-aid money used by recipient countries to purchase textile products in 1957, only 7.5 percent was purchased from United States mills. The rest, which amounted to \$89 million, was bought from Japan and other competitors.

Our country, which plants very little rice, has sent technicians to Korea to teach Korean ricegrowers how to grow

more and better rice. At the same time, shrewd Korean and Vietnam merchants have made large windfall profits and have maneuvered kickbacks while trading foreign-aid items.

The report of the House of Representatives Government Operations Committee says that a quarter of a billion dollars in assistance to Iran from 1951 to 1956 was administered in a "loose, slipshod, and unbusinesslike manner," and adds that amounts requested for aid to Iran "seem to have been picked out of the air."

In Laos, where we have been spending more money per capita than in any other country, the Communist Party is gaining more and more political power. In addition, the country's Minister of Planning and Reconstruction, who is the leader of the Communist political movement, has a voice in the spending of some of this American aid.

In Saudi Arabia, we have been giving millions of dollars to billionaire King Saud, who has more than 100 wives and gold-plated Cadillacs.

If all this were not enough, this program has also provided wage boosts to Iranian Government workers; public baths for Egyptian camel drivers; airplane rides for thousands of Moslems, to enable them to visit their religious shrine in Mecca; a sugar-beet refinery where there were insufficient beets; and we have even given some countries so much that we have contributed to their inflationary spirals.

If I had to single out one error as the most dangerous of all, I would find the choice a difficult one. There are too many from which to choose.

As of this moment, I am inclined to rank the mistake of offering aid to Communist countries above all the rest. I see no justification whatever for a program to combat communism by extending aid to communism. I think it is important, therefore, that we eliminate from House bill 12181 any provision which would authorize any assistance to Communist countries.

This week, the Senate is being asked to authorize, under the provisions of this bill, the appropriation of \$3,068,900,000. This is \$229 million less than the \$3,297,900,000 requested by the administration. These figures show that the administration is committed to continue this foreign-aid program at a high level of spending.

Certainly, with a national debt of \$280 billion, with a possible deficit of \$9 billion facing us during fiscal year 1959, with greater expenditures required for missile and satellite development and research, with other economic and social needs staring us in the face at home, and with our people paying almost one-third of their income in taxes, the time has now come for the United States to take steps toward shackling this foreign-aid monster and bringing its spending spree to an end. No one can argue with the principle that the best assurance we have for the preservation of freedom in this world is the maintenance of a strong America, and if this strength is to be sustained and maintained, then we must

reduce our foreign-aid program lest we spend ourselves to death and ruin our country economically, in accordance with the prophecies and hopes of Marx and Lenin.

Furthermore, if given the chance, private investment could replace foreign aid in many nations.

Some feel that the greatest hindrance to foreign investment is fear of confiscation. I do not agree. I think the greatest hindrance is foreign aid. Private capital does not go to a country whose economy is choked with sterile capital that yields no profit.

The largest receiver of Federal handouts since World War II has been Western Europe, and it has been the smallest receiver of new investment funds from private sources. As of 1956, Western Europe had received almost 70 percent of the money spent under the foreign-aid program. But the ratio of private investment in that area by the United States runs only about 14 percent. On the other hand, Latin America received 2.4 percent of the foreign-aid expenditures through 1956, but it received 35 percent of our foreign private investment. Only an invisible amount of aid went to Canada, but 34 percent of our foreign investment has gone there.

If investment capital is to be stimulated, foreign aid must be cut off. Private investment has been encouraged everywhere through the faith that we may have a lasting peace.

The changeover from the charity dollar to the investment dollar would have a stimulating effect, and it would inspire the nations we have been trying to help with confidence and new hope. Moreover, it would demonstrate to the world the virtues of our free enterprise system.

Aside from these points, however, it would release thousands of foreign aiders and bureaucrats, which, in itself, would be a worthwhile accomplishment toward reducing the size of our Federal Government.

In summary of my comments on foreign aid, let me say that I favor a reduction in the size of this program now, not tomorrow, next year, or in 1960—but now.

America should continue to help faithful and loyal allies in Europe and Asia with a program of reasonable military assistance in order to keep American boys at home and strengthen the free world. As to economic aid—or whatever modern term it has been given in recent years in order to deceive the public—I believe that if we are going to give such assistance it should be on a loan basis so that the recipients will know and feel their obligation and so that we can stand some chance of recovering some of these funds.

In accordance with the views set forth in this speech, Mr. President, I shall vote to reduce the authorization recommendations of the committee. If the bill is not properly amended, then it is my intention to vote against final passage of the bill, as I have done in previous years.

SEVENTY-FIVE BILLION DOLLARS TO EUROPE AND ASIA IN 10 YEARS TO BUILD COMPETITIVE PLANTS AND MINES TO BUILD DOLLAR BALANCES TO DEMAND OUR GOLD—NAMED MARSHALL PLAN, ECA, AND MUTUAL SECURITY

Mr. MALONE. Mr. President, with respect to the bill under consideration and which provides for spending more additional billions of American taxpayers' money in Europe and Asia to build competitive industries; we only need to read the current newspaper reports to note the effect the money given them to this date has had on our economy and the attitude of the people of the recipient countries, in order to judge the future fate of the people of the United States under such an unnecessary drain on their tax resources.

WORLDWIDE GIVEAWAY PROGRAM INHERITED FROM PREVIOUS ADMINISTRATIONS

Mr. President, let us take a look at the start of all this foreign-aid business. Let us look at the record. This program did not start yesterday, and it did not start under this administration. The only criticism which can be directed toward the current administration is the fact that it has carried on the inflation—billions to Europe and Asia—and the free trade programs which were started years before it took office.

MARSHALL PLAN CALLED FOR DIVISION OF UNITED STATES TAXPAYERS' WEALTH WITH FOREIGN COUNTRIES

The gigantic tax assessments against the American people, in order to send their money abroad, became evident with the Marshall plan. The program did not start with the Marshall plan—and I will review that later—but the Marshall plan was the first bold attempt, which was successful, to force the taxpayers of this Nation to embark upon a principle of division of wealth with the nations of the world. America, under these programs, was to supply the money to advance their standard of living to which they would like to become accustomed.

NATION'S ECONOMY SUBORDINATED TO WILD STATE DEPARTMENT FOREIGN POLICIES

In 1949, to pinpoint a direct recommendation from a State Department gone wild, Mr. Acheson and Mr. Thorp were Secretary of State and Assistant Secretary of State, respectively. Mr. Acheson said:

It is hardly possible any longer to draw a sharp dividing line between the economic affairs and political affairs. * * * Each complements and supplements the other. They must be combined in a single unified and rounded policy.

THE ORIGINAL GLOBAL GIVEAWAY BASED ON ERRONEOUS PREMISE

Mr. Thorp further blueprinted the procedure when he appeared before a committee in 1949 and specifically stated three things. He said:

1. The European recovery program (Marshall plan or ECA) extends immediate assistance on a short-term basis to put the European countries back on their feet. * * *
2. The trade agreements (act) program is an integral part of our overall program for world economic recovery. * * *
3. The International Trade Organization upon which Congress will soon be asked to take favorable action provides a long-term mechanism—each part of this program is

important. Each contributes to an effective and consistent whole.

The first professed that the Marshall plan, or the money in direct cash to be given to Europe and Asia, was to be used to assist foreign nations temporarily to develop their industry, with an indication there should be a recovery to prewar standards.

At that time and during the debate on the Marshall plan in 1947, the senior Senator from Nevada presented figures to this body which showed that at that moment only two nations in Europe were below their prewar development and production levels. Those nations were Austria and Germany, which we had just destroyed in the war. We had utterly destroyed Germany and had seriously damaged Austria, so that those two countries were unable to develop industry.

The remainder of the European nations were, at the time the Marshall plan was adopted, in a normal condition, in relation to prewar production. However, over the determined opposition of a handful of Senators, the Marshall plan was put into effect.

The Marshall plan was changed almost every year, since the change of the name made it impossible for the public to follow. And of course Senators are unable to follow what is done with the money, because that is apparently secret all the way around, and the testimony in the committees never reveals what is done.

FOREIGN AID AND FREE TRADE TIED TOGETHER BY STATE DEPARTMENT

Mr. Thorp said, in 1949, subsequent to the passage of the Marshall plan and its renewal the following year, in his testimony before the committee, that the Marshall plan was a temporary method employed to help certain European countries in their recovery. Mr. Thorp said that the 1934 Trade Agreements Act, which he called the Reciprocal Trade Agreements Act—the phrase "reciprocal trade," does not occur in the act at all, and never has, from the beginning, since our agreements are not reciprocal and were never so intended—was point No. 2 toward a permanent recovery.

ITO LINKED TO FREE IMPORTS: FOREIGN AID IN INTERNATIONAL SOCIALISTIC PLAN

Then Mr. Thorp said that the ITO, the International Trade Organization, the program which the Department was then getting ready to present to Congress, was the third point. He stated the three were inseparable, each being dependent upon the others. That was a bold attempt. It was the next step beyond the Marshall plan and was designed to make permanent the division of the markets of this Nation with the other nations of the world, and the division of the cash, assessed against the taxpayers of this Nation, on the basis of a clearly permanent international Socialistic plan.

PERMANENT GIVEAWAY OF UNITED STATES TAXPAYERS' CASH PROJECTED

Mr. Dulles, the Secretary of State, last year, when the act was before Congress for renewal, said that the Marshall plan, whatever it might be called, the program

involving giving away the money of American taxpayers must become permanent. There is no question that was the idea in mind in the beginning, and the senior Senator from Nevada so stated on this floor in 1947. The senior Senator from Nevada stated that once we started this plan of the division of cash it would become permanent.

Secretary Dulles now testifies—I suppose he has so testified this time before the Ways and Means Committee of the House, since he did last year—that the program must become permanent, which means that the division of the wealth of the United States must be continued in future years among the nations of Europe and Asia.

NATIONAL ECONOMY AND FOREIGN POLICY KEPT SEPARATE IN CONSTITUTION

The Constitution of the United States, which has become largely a back number in Washington, New York, and other places in the United States where these giveaway programs are so heartily supported, specifically and pointedly separates the regulation of the national economy of the United States from the fixing of foreign policy.

That document, in article I, section 8, specifically provides that the legislative branch of a three-branch Government created under the Constitution shall regulate foreign trade, shall fix and adjust the duties, imposts, and excises which we call tariffs, in the regulation of the national economy. The national economy is regulated by the adjustment of the duties, imposts, and excises, or tariffs and whoever regulates foreign trade. The legislative branch of the Government is directed by the Constitution to regulate foreign trade. The executive was to conduct our foreign policy with the advice and consent of Senate.

In 1934, at the urging of a powerful President, Congress enacted a law, to combine the two functions to which I have referred; and from that time—1934—until this date the executive department has both determined the foreign policy and regulated the economy of the United States.

Acheson and Thorp's statement has borne fruit.

TRAGIC EXPERIENCE UNDER KINGS AND AUTOCRATS PROMPTED FOREFATHERS TO SEPARATE FOREIGN AND DOMESTIC POWERS

Why were the two functions separated in the beginning. The debates in the Constitutional Convention show that Washington, Madison, Ben Franklin, and others who put into writing that immortal document, had been pushed around by kings, queens, and autocrats for many years. That was the experience of the Thirteen Colonies. What did the kings, queens, and autocrats have in their hands? It was the fixing of foreign policy and the regulation of the economy of the American Colonies by executive order.

The framers of our Constitution, having been subjected to such regulation, both in one branch, determined that such a thing should never happen to the United States of America, so they pointedly separated the two functions. One was placed in the legislative branch. The regulation of the economy of the

United States was placed in the legislative branch by article I, section 8.

The other—fixing of foreign policy—function was placed in the executive department by article II, section 2. The executive department is the second branch mentioned in the Constitution. The judicial branch is described as the third branch of the three-part Government.

EXECUTIVE DOMINATION OF CONGRESS BEGAN IN 1934 TRADE ACT

By the 1934 Trade Agreements Act the two functions are combined. As can be seen, progressively, starting in 1933 and 1934, the executive department—the Secretary of State and the President of the United States—have slowly encroached upon and dominated the legislative branch.

Today the State Department has the audacity to recommend that all these programs become permanent, and that the Congress appropriate the money of the taxpayers and assign it to the Department.

I submit that we have come a long way since Ben Franklin, George Washington, and other distinguished patriots sat down and arranged the separation of powers under the Constitution of the United States.

AMENDMENT OF CONSTITUTION ONLY PROPER WAY TO CHANGE DIVISION OF ITS POWERS

I am heartily in accord with what George Washington had to say in his Farewell Address about usurping powers under the Constitution, and about the separation of powers. George Washington said in his farewell address:

If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation: for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed.

If, then, the American people want the executive department, the President of the United States, to exercise this economic power, we should amend the Constitution. If any Member of Congress decides that the regulation of the economic structure of the country, the fixing of duties, imposts, and excises, in the regulation of foreign trade, should be in the President of the United States instead of the legislative branch, let him propose an amendment to the Constitution.

AMENDMENT PROCEDURE STATED

Such a proposal could be considered by the proper committees of both Houses of Congress and voted upon by the two Houses. If it were approved and submitted to the States, and three-fourths of the States should ratify it, that would be in accordance with the Constitution of the United States.

It may be complained that such a course of action would require time. But the process to which I have referred has continued for nearly a quarter of a century. Some of the things about which I am complaining today, including the transfer of the legislative powers to the executive in violation of the

separation of powers under the Constitution, have been going on for nearly a quarter of a century. The Constitution of the United States could be amended in a couple of years if the people of the United States believed that it should be amended.

PEOPLE'S RIGHT TO KNOW—SAFEGUARDED BY CONSTITUTIONAL SEPARATION OF POWERS

However, if any Member of this body had the audacity to introduce a proposed amendment to the Constitution which would place in the executive department the power of the legislative branch to regulate the national economy and to fix duties, imposts, and excises, and to regulate foreign trade, he would never be returned to this body by his constituents; and such objection would be raised all over the country that other Members of Congress would be too frightened even to attempt to bring about such a result.

Under the separation of powers, the people had an opportunity to know what is being done. Now most of the people do not know, or did not know until the effect of the program begins to be felt.

FOREIGN ALUMINUM PLANTS FINANCED BY UNITED STATES TAXPAYERS THREATEN ALUMINUM INDUSTRY HERE

During World War II, as a part of the program of distribution of the money of the taxpayers to foreign countries, \$68 million was given to a corporation in Canada to build an aluminum plant, for example. Other millions of our taxpayers' money has gone to build other foreign aluminum plants. Let us see the effect these aluminum plants are having on the United States. In the New York Times of today, June 5, reference is made to Mr. Donovan Wilmot, who is the vice president of the Aluminum Company of America. The article states:

The Nation's primary aluminum industry will find it increasingly difficult to remain strong "unless the Government provides adequate protection for it against the competition of subsidized or state-owned foreign producers."

This view was expressed yesterday by Donovan Wilmot, vice president of the Aluminum Company of America, at the spring meeting of the Aluminum Extruders' Council at Williamsburg, Va.

Wage rates in competing foreign operations are only a fraction of those paid in this country, Mr. Wilmot said. While factory wages in the United States averaged \$2.07 an hour, and domestic aluminum industry hourly earnings, \$2.50 to \$2.75—not including fringe benefits—the aluminum industry in such countries as Japan, Italy, France and West Germany pays 24 to 48 cents an hour, he said.

Mr. Wilmot said the United States tariff on aluminum pig and ingot was presently 1.3 cents a pound and would be reduced to 1.25 cents on July 1. By contrast, he said, Americans shipping into France and Italy must pay tariffs of about 6 to 10 cents a pound.

UNITED STATES ONLY NATION THAT REFUSES TO PROTECT ITS WAGEEARNERS AND INVESTORS

Mr. President, we are the only free-trade Nation in the world; every other nation protects its commercial enterprises within its own borders. If a person wishes to ship an automobile to England, for example—and England screams the loudest for the free trade for the

United States—it will cost him 55 percent of the cost of the automobile. And so it goes around the world. The foreign countries have import permits, exchange permits, tariffs, and everything it requires to regulate imports. We are the only Nation in the world that does not protect its workingmen and investors, once the investment is made on a commercial basis.

I note also the headline in the Wall Street Journal of yesterday—and the Wall Street Journal is a very conservative newspaper—"Sterling Area's Dollar Reserves Increased in May—Surplus of \$125 Million in Month Boosts Its Total Reserve Above \$3 Billion."

UNITED STATES GOLD SUPPLY BEING SIPHONED OFF TO KINGS AND DICTATORS

Mr. President, speaking of gold, we are losing our gold by leaps and bounds to foreign nations. With the more than \$3 billion which will be authorized by the pending bill, the total sum will amount to approximately \$75 billion since World War II, without going back of that date at the moment. That money is divided in about 3 different ways in most countries. In a good many cases the current dictator or king gets his cut, so that if he loses his job, he has some money on deposit in Switzerland or some other neutral country, and can then live quite well without any job.

The remainder is cut at least two different ways. One is used to build up the foreign country's reserves of foreign dollar balances which can be used to demand of this country payment in gold. We have made such gold payments for many years.

EXPORTED GOLD BEING USED TO PUT UNITED STATES WAGE EARNERS OUT OF WORK

The remainder can be used to build processing plants and operate mines and to employ cheap labor to produce the goods, and the goods so produced are sent to this country under the practically free trade setup we have now, and in that way put our own workingmen and investors out of business.

Mr. President, I should like to say a word about the gold standard. I do not believe it is generally known among the people of the United States that the folding money we give to the foreign countries through direct appropriations by Congress can be used to buy gold in this country.

FOREIGNERS MAY EXCHANGE UNITED STATES PAPER MONEY FOR UNITED STATES GOLD; AMERICANS CANNOT

The American citizen earns his folding money, but he cannot buy gold with it. Foreigners, on the other hand, can build up their dollar balances in European countries and in other foreign countries, and then can demand gold for it in this country. If all the balances were presented within a reasonable time, of the \$22,400,000,000 in gold—according to the regular reports we get from the Federal Reserve Board—which is stored in the various depositories throughout the country there would be less than \$5,700,000,000 left. That is not generally known, but it is a fact, and was so testified to by Mr. William Mc-

Chesney Martin, the Chairman of the Federal Reserve Board. He went on to say, hurriedly, that we could refuse to make such payment.

Under my questioning, however, he said that if we did so refuse, it would have a severe effect on the value of our money on the world markets. Moreover, still under my questioning, he said that it would probably cause a severe depression in the United States if we so refused, and we would have to choose between giving practically all our gold to foreign nations or refusing such payment and thereby destroying the value of the dollar on the international markets, and causing a depression here.

RUSSIAN GOLD A THREAT TO MONEY MARTS OF WESTERN WORLD

Mr. President, I have only one other word to say on the matter of gold production and possession in the world today. I spent 2½ months behind the Iron Curtain in 1955, and I visited many of the mines in Russia, and some even in Siberia. I went into all the 16 Socialist Republics. I am here to tell the Senate that in my earnest opinion the real Russian threat to this country may be putting the ruble on the gold standard. When I was there they charged me—and I suppose they charged everyone else the same—\$1 for 4 rubles. One dollar could buy four rubles. It was actually worth \$1 to 16 rubles. That made a considerable overcharge. It cost me about \$40 a day to stay at the National Hotel, in a rather fair apartment. Sometimes even the plumbing worked. Forty dollars a day was too much money for it. If the exchange had been 16 rubles to the dollar, the proper exchange, it would have been about right. However, they were their rubles; not mine. The Russians regulated them.

I really believe that within a year or two the Russians will put the ruble on the gold standard. When they do that, all the dollar balances will be demanded, and we will have very little gold left, that would mean a panic here.

FOREIGN AID GIVES FOREIGN COUNTRIES POWER TO TAP OUR GOLD SUPPLY

Someone may ask, "What has that to do with the bill before the Senate today?" The money will go to buy gold, and we will give it to the foreign countries. They can build up their dollar balances and also build factories, with which to compete with the working men and investors of the United States, just as Mr. Donovan Wilmot, vice president of the Aluminum Company of America said, according to today's New York Times. He is as right as rain about it.

I believe some attention should be paid to the leaders of industry in America. Such action as I have indicated concerns our own employees and our own people, and it will mean our own people being put out of work.

CANADIANS DEMANDING TARIFF PROTECTION TO BAR CHEAP IMPORTS

I note also in this morning's New York Times another article under the headline, "New Tariff Plea Voiced in Canada—Chief of Big Industrial Group Urges 'Adequate' Tariff To Bar Cheap Imports."

The article reads:

MONTREAL, June 4.—Canadian manufacturers heard a new call today for an adequate tariff to protect the Canadian economy.

This from a nation that screams to high heaven when we seek to protect American markets—giving equal access to American markets for Americans.

H. V. Lush, retiring president of the Canadian Manufacturers' Association, said in his report to the group's annual meeting at the Queen Elizabeth Hotel, that the tariff also would guard "our Canadian wage standards from the devastating effects of cheap labor and mass-produced products."

Mr. Lush made the following point, also:

The proposed diversion of trade from the United States to Britain—as called for by the Government some months ago—has already resulted in reduced purchases from American-owned subsidiary companies in Canada. England still practices empire professional rates which holds her ex-colonies loyalty.

AMERICAN BUSINESS, MANUFACTURING COSTS HIGHEST IN THE WORLD

That is simply further evidence of what I said a few moments ago, namely, that the United States is the only free trade Nation in the world. Higher wages are paid in the United States than are in Canada. Our cost of doing business, including our taxes, is the highest cost in the world. Therefore, under our policy of having a tariff only to make up the difference between the cost of doing business in this Nation and in the chief competing nations, including wages and taxes on each product, our living standard is higher. Other nations do not need to impose tariffs against America for that purpose. Their purposes are different. They want to keep our products out—not to equalize the cost.

WHAT \$100 TAX PAYMENTS BY 6,000 TAXPAYERS BOUGHT FOR SANTA DOMINGO

Mr. President, all one has to do is to read the current newspaper reports. In any day's newspaper, one can see exactly what is happening. An editorial entitled "Taxpayer's Lament," published in the Wall Street Journal of June 4, 1958, might seem facetious.

But in that ordinarily conservative newspaper we find a statement concerning what the Government is doing today in the way of milking the taxpayers in order to support foreign nations. The editorial reads as follows:

TAXPAYER'S LAMENT

Aside from an increase in the rate, probably nothing riles a taxpayer more than see his money wasted or unwisely spent. If, for instance, your annual contribution to the United States Treasury is \$100, the salt is rubbed harshly in the wound when you learn that some bureaucrat laid out \$100 for an item that wasn't needed. You can get particularly rankled by looking upon the mispent money as your \$100.

The same attitude can be applied to foreign aid. During the last fiscal year the United States doled out \$600,000 to Dictator Trujillo's Dominican Republic. Apparently somebody in Washington thinks that the little country needs money. But it appears that the Dominican Republic was solvent enough to enable Trujillo to hire an American press agent for \$600,000, and two lawyers for \$100,000, to investigate reports that the

dictator engineered the disappearance 2 years ago of Jesus de Galindez, an outspoken critic of the Trujillo regime. The lawyers reported, incidentally, that their investigation showed their client had nothing to do with the Galindez mystery.

The feeling that the Dominican Republic must be far from destitute is strengthened further when we consider that Trujillo's son, who is chief of his father's air force, draws a tidy \$600,000 a year—or six times as much as the President of the United States, or the exact equivalent of what the United States gives daddy in foreign aid.

This one item in the Government's huge foreign aid program requires the \$100 tax payments of 6,000 Americans.

FOREIGN AID AN OPEN DOOR TO GRAFT AND WASTE OF HARD-EARNED AMERICAN DOLLARS

Mr. President, without any doubt, that the same thing is happening in about 90 percent of the cases of outlays for foreign aid. The opportunities for graft, crookedness, and all kinds of shenanigans in expending \$5 billion or \$6 billion a year outside America by persons—probably 98 percent of them inexperienced in the work they have undertaken—who are simply trying to get rid of the money for any kind of purpose in a foreign country, are innumerable.

The editorial I have read relates the effort of the Government to enable a dictator to hold his job. But there is no question that if the American people could learn the details of exactly what has happened during the 10 years the program has been in effect, they would move on Washington without even waiting for an election.

NOTED WASHINGTON COLUMNIST WARNS FOREIGN AID SCANDALS COMING

Mr. Fulton Lewis, Jr., who has become one of the leading newspaper reporters in Washington over the years, had something to say on the subject. I read this dispatch on the plane from Las Vegas to Washington Tuesday night. Under a King Features Syndicate copyright, Mr. Lewis said:

Behind the daily routines and debates in Congress, a megaton explosive force is building up rapidly under the foreign aid program, and it may be triggered at any time.

When it is, the public will be treated to one of the most far-reaching, fantastic, and elaborate scandals of administrative waste in the Nation's history. The mystery is how it has been kept under cover so long.

I do not think there is any mystery about how it can be kept under cover when no details are ever given to Congress. Apparently, no congressional committee has quite had the fortitude to try to go to the bottom of the question. But most of us have seen what happens abroad.

TRACTOR GIFTS TO SIAMESE RECALLED

I was in Siam in 1948. The Siamese weigh about 110 pounds wringing wet. From our standpoint, their methods of harvesting crops and doing business are very old fashioned. They use a hooked knife to cut rice. They stand in water which is perhaps a foot deep, more or less. They bend over and cut the rice with the knife in one hand, and grab the rice with the other hand.

The Department of State thought the Siamese ought to have some tractors, so

they arranged to send some tractors there. But what happened to the tractors? They were all pulled up on the banks. They had run out of gas and could not be used any more. That is about all that any of the Siamese knew about tractors.

I suggested that the Siamese be taught how to use a scythe. Instead of using a small hooked knife, they could be taught to use a scythe and to increase their production so as to provide enough rice for 8 or 10 families, instead of for the 2 or 3 families for whom they produce at present. They might be ready to use a tractor in a few generations hence.

But that is an example of how our money is spent for useless things. It could be that the people who sell tractors and many hundreds of other gimmicks are strong enough to continue to support this aid in order to enable them to sell their machinery in nations where it may or may not be used.

MACHINERY SHIPMENTS TO INDIA WASTED

The same is true of India. Much of our heavy machinery has been sent to India away ahead of its time. I shall refer to this in some detail further on in my remarks.

Mr. President, I have been in the engineering business for a good many years. I know that when we try to teach the people of a country to use certain types of material ahead of their times the people must have the ambition to learn.

We did not learn how to use tractors overnight. It took us 150 years to reach our present status. But we are attempting to teach the people of the so-called backward nations overnight to do things just as we do them, and that simply does not work. Ninety-eight percent of the machinery we send to such countries is wasted, as can be seen by anyone who visits them. Mr. Lewis continues:

The chief trick in this connection—

That is, to sell all this material—seems to have been a process of negative resistance on the part of the State Department, combined with procrastination and lackadaisical indulgence on the part of Congress.

Mr. President, I believe Mr. Lewis is exactly correct when he uses the words "lackadaisical indulgence on the part of Congress." When the blow falls, I believe Congress must take its responsibility in this connection.

EVASIVENESS OF ICA SPOKESMEN SCORED

Mr. President, I read further from the release by Fulton Lewis, Jr.:

Foreign aid (International Cooperation Administration) spokesmen—

The title International Cooperation Administration is but the latest of several names which have been used by this particular agency—

appearing before congressional committees, refuse, systematically, to produce any specifics about the yearly programs they propose; and the financial watchdog of Congress, the General Accounting Office, is unable to make any satisfactory postaudit of expenditures after they are made.

I can understand that, because the ICA has in these foreign countries great numbers of employees who do not even

understand the programs themselves. So how can they describe them?

BIG DAMS FAVORED FOR FOREIGN COUNTRIES BUT NOT FOR UNITED STATES

Mr. President, there are those who object to the construction of dams for flood-control purposes on rivers in the United States, whereas the 75-year-old policy of the Congress is that when the Army Engineers report, at the request of Congress, to the appropriate committee, that such a project is feasible on the basis that its benefits are estimated to exceed its cost, then, when the people of the area purchase the rights-of-way, the project can be authorized and constructed.

However, there are those who, although they favor the ICA program, object strenuously to carrying out the program for the construction of dams for flood-control purposes on rivers in this country. Who are they? They are not the Members of the House of Representatives or the Senate; they are employees of an agency of the executive branch of the Government; namely, the State Department. On the other hand, the ICA builds similar projects abroad; but Congress does not have any information at all about them.

COSTS OF AMERICAN PROJECTS REPAID TO TAXPAYERS—ICA-FINANCED FOREIGN PROJECTS TOTAL LESS

There is also the 56-year-old policy of building dams and reclamation projects in the United States; and under that policy, the money used for that purpose is returned to the Government, without interest; or when power or a commercial product is produced as a result, the cost of the project is paid back to the Government during a definite amortization period, with interest, namely, not less than the amount of interest the Government pays for money. But the State Department and many other departments of the executive branch of the Government oppose that program. They say, "It is not needed in this country. Such programs should not be carried on in the United States."

On the other hand, the State Department favors the ICA program, under which between \$4 billion and \$5 billion a year is spent in foreign countries; and since the end of World War II, those expenditures have totaled in excess of \$70 billion.

ICA GIFTS TO DICTATORS STRENGTHEN DICTATORIAL POWER OVER SUBJECT PEOPLES

I should point out that no one seems to know what is being built under the ICA program; in fact, even the ICA employees themselves do not understand about 98 percent of their program. I am not surprised, therefore, that they do not try to explain it to Congress. How could they, when they do not understand it. However, they do understand that by giving such aid to countries headed by dictators, our support is given to those dictators and to their regimes. On the other hand, this program does not aid the people of those countries. Instead, it supports, in such country, a government which is not supported by large numbers of the people, and perhaps by three-fourths of the people of the country.

BALLYHOO, NOT FACTS, USED TO PLUG FOREIGN AID

I read further from the release of Mr. Fulton Lewis, Jr.:

There are no records in the field or in Washington, to show what projects are planned, which ones are underway, or which ones have been completed. Where there are fragmentary vouchers, they are unchecked and unendorsed, thus worthless.

Ironically enough, the immediate irritant that threatens to do the triggering is the propaganda project of the President's Hollywood movie czar pal, Eric Johnston, a glamor impressed counterpart of Paul G. Hoffman, whom the President was conned into taking on to sell the aid program to the public.

JOHNSTON LOBBY TREK RECALLED

Mr. President, Eric Johnston has not been in Washington for some time. I remember when he began his trek to Washington with reams of propaganda and 600 or 700 business people who wanted to continue to sell to foreign nations the products of their plants, regardless of whether those nations wished to purchase them.

The day after Eric Johnston began his trek to Washington, I submitted a Senate resolution which provided that he be required to register as a lobbyist and to state the source of the funds he received.

Of course, Mr. President, various of the committees of Congress have been treating the motion-picture industry fairly well; and Eric Johnston is the movie czar. The Congress voted in order to save the small motion-picture theaters—to remove the excise tax from theater tickets which cost 90 cents or less.

I read further from the release by Fulton Lewis:

The public didn't buy very well, so Johnston switched his operations to straight-away lobbying and political thumb-screwing of key members of the House Appropriations Committee, where the aid funds have to originate.

Mr. President, I shall skip over a considerable part of the release, which I assume has been read by a number of Senators.

The last paragraph of page 2 of the release reads as follows:

Representative WINFIELD K. DENTON, of Indiana, says he has never experienced more ruthless or concentrated pressure. The others, no less beleaguered, are J. VAUGHAN GARY, of Virginia, WILLIAM H. NATCHER, of Kentucky, GEORGE W. ANDREWS, of Alabama, and HUGH Q. ALEXANDER, of North Carolina. The sixth Passman supporter they didn't dare tackle. He is the grizzly Appropriations chairman, CLARENCE CANNON, of Missouri, who is just too tough.

THREE BILLION ASKED FOR 73 FOREIGN COUNTRIES WHILE 243 AMERICAN AREAS AND CITIES DISTRESSED

Mr. President, I have submitted that outline to show what goes on according to the reports of the day, and that to indicate anyone who will simply keep up with the newspapers, will find that there is very little that can be said in favor of this program.

Mr. President, the pending bill would authorize the appropriation of over \$3 billion, to be poured into 73 foreign countries, whereas the May report of the Bureau of Employment Security, which

reached my desk today, lists 243 distressed areas in the United States. These distressed areas are in 33 American States. But the pending bill is not directed toward helping the people of those areas in this country. The pending bill will not increase their security. Instead, it will augment their insecurity, by draining all those billions of dollars out of the United States—their dollars among them—to be used to build up more foreign competition against American workers in distress

COLONIALISM ABROAD BEING MAINTAINED WITH UNITED STATES MILITARY AND MONETARY AID

Mr. President, all we need to do is stop and think for a moment about this matter. Every one of the countries in Europe is today producing more goods than its people can consume. Most of them either have been colonial nations, or have been on the verge of a colonial status. Britain, France, Belgium, and the Netherlands, the toughest colonial powers for more than 300 years, simply controlled the markets of weaker countries. Of course, when the airplane dominated the British fleet, that should have ended colonialism; but it continues in some parts of the world, partly on its own momentum, partly because of our monetary and military help.

NATO, LIKE FOREIGN AID, DEVISED TO MAINTAIN EUROPEAN COLONIAL SYSTEMS

Mr. President, in 1947, in the course of a debate with the late Senator Vandenberg of Michigan, who favored the Marshall plan and the compact with foreign nations, I stated on this floor that if the United States signed the compact with the other foreign nations—it was called NATO—our country would be guaranteeing the integrity of the colonial system throughout the world. But I stated then that all our strength would not be sufficient to enable us to do so.

"Oh, no," he said.

I said, "I will explain it. If they go to war, they will have to defend their colonial possessions." We know that.

AMERICA BROKE AWAY FROM EUROPE'S TRADE WARS IN 1776 NOW BACK IN EUROPE'S TRAP

We have dropped into the net. In 1776 we declared our independence from old Europe and her trade wars. We were a colonial country and were not allowed to manufacture anything. We shipped our raw materials to England; England manufactured goods, sent them back to the American Colonies, and took what the traffic would bear.

For 150 years we have developed our own economy to the highest standard of living the world has ever known.

In 1934 we dropped back into the trap. We turned around and reversed the process by reducing tariffs below the difference between the cost of doing business and the standard of living wages in our country, and those in the competitive countries. Those countries again became the suppliers of the United States of America.

AMERICA AGAIN BECOMING AN ECONOMIC COLONY OF EUROPE

Under the Foreign Aid Act, we help countries in Europe and Asia by sending them billions of dollars to construct

plants and build up their dollar balances. We are today a greater economic colonial of the capitals of Europe than we were in 1776, when we wrote the Declaration of Independence. The foreign countries now have our markets without any responsibilities.

When we were a colonial nation, as we were up to that date, and as many other nations have been until recently, the European capitals controlled the markets, but they also had a certain responsibility for the welfare of the colonies. There is no such responsibility now.

Those countries have become the suppliers of the United States markets without any responsibility whatsoever.

WASHINGTON, NEW YORK, ISOLATED FROM PUBLIC SENTIMENT OF PEOPLE ACROSS THE NATION

This must end, of course. What the Senate will do to the bill now before it, I am unable to say; but I venture the assertion that before the next election is over, there will be an end to this business. Members of Congress are going back to the taxpayers and talk to them before they return to Congress. The taxpayers do not like what Congress has been doing.

There seems to be some kind of a sound barrier on the Potomac River and on the Hudson River. No public sentiment ever gets across those rivers. Public sentiment never reaches Washington, D. C., or New York City.

PUBLIC BECOMING ALERT TO SCHEME OF ONE-WORLD SOCIALISM

The public today is 10 years ahead of Congress. It knows there is something wrong, and it has known it for a long time; but it could not believe that the Congress of the United States would do to them what it has done. The Congress is supposed to represent every precinct in the United States and every taxpayer. The people have begun to learn that there is a socialistic scheme for a division of the wealth and a division of the markets and a division of their own cash, so that the American people will be on the streets. Many of them are now out on the streets.

On my desk also are several handsome brochures issued jointly by the Department of State, the Department of Defense, and the Economic Cooperation Administration, plugging foreign aid. The brochures are on fine paper, and are illustrated with fancy maps, charts, and graphs. The State Department, the ICA, and the Department of Defense weep for the less developed nations.

BUREAUCRATIC TEARS SHED FOR FOREIGN UNDERDEVELOPED COUNTRIES WHILE MANY UNITED STATES AREAS DESOLATED BY FREE TRADE AND FOREIGN AID

Let me say, Mr. President, that I have news for those outfits. If they really want to see some undeveloped country, I shall be happy, when Congress adjourns, to have them go home with me on a trip. Not only will I show them some undeveloped country, I will show them areas which were once developed but now lie devastated because of the foreign-aid policy of the United States Congress, and they will see people walking the streets. That is no news to the Senate,

either, if Senators can read. That news is in the newspapers every day.

I wish some of those advocating foreign aid could visit some of the areas I visited last weekend, where nobody was working, where there were abandoned mills and abandoned mines.

Now, with cattle starting to come in from New Zealand by the shipload, and canned and all kinds of processed meat coming into this country from the Argentine and other nations, the situation will get even worse.

NEWEST, BEST MACHINERY GOING TO LOW-WAGE FOREIGN PLANTS UNDER UNITED STATES AID PROGRAM

Mr. President, we could not make even monkey wrenches in this country, paying our wages and taxes and costs, and compete with those made with American machinery and with American know-how in countries where labor is paid \$2 a day. For 20 years we have had the spectacle of professors in our universities, who ought to know better, and other persons, saying we can compete with any nation, no matter what labor is paid in those countries, because of our superior machinery and know-how.

What kind of machinery, Mr. President, do you think those nations have? I will tell you. I have been in every nation in the world, and I know machinery when I see it.

As an example, I spent 2 weeks at a mining camp in northern Chile. Where do you suppose, Mr. President, the best copper mill in the world is located today? It is located in northern Chile, because it was the last one made.

FOREIGN PAY SCALES FRACTION OF AMERICAN WAGE FOR SIMILAR WORK

I am not only talking about copper, but I am talking about sending 2, 3, or 5, 6, or 7 percent of our well-trained American engineers and technicians to foreign countries to train workers in those countries. Within 30 days, the workers in those countries can do as well as the trained worker in America.

Instead of \$17 or \$18 a day paid in the United States, the workers in North Africa get \$2 a day, or \$1 a day or even as low as 50 cents a day. How can we be that crazy? Naturally, the professors to whom I have alluded are finding out now they have been wrong, but they have been preaching this policy for 20 years. I hope they are finding out they are wrong. I have no direct proof. I quoted statements of men like the vice president of the Aluminum Co. who says his company cannot stay in the aluminum business in this country against competition even from Canada, when we build plants in that area. Of course, he also mentioned Japan, where 20 cents an hour is considered to be a very good wage. And a Japanese worker will work as hard as an American worker, and produce as much material.

FREE IMPORTS CAUSE JOB CUTBACK IN VITAL NEW NEVADA INDUSTRY

To come home for an example in my own State of Nevada, a new metal was developed a few years ago. The Committee on Interior and Insular Affairs held hearings to determine what the metal could do. The weight and

strength ratio was the greatest of any metal on earth. I refer to the metal titanium. We have enough of the raw material in this country and in southern Canada to make all of the titanium we will need for the next several hundred years, so of course we are importing the material from Australia and some other places.

In Henderson, Nev., there was produced about half of the titanium material needed in the United States, and the other half was being produced in New Jersey by the du Ponts. Last year we imported titanium from Japan. The American-financed companies with Japanese workers at 20 cents an hour were glad to bring in the imports. Five hundred workers at Henderson were laid off. Our men, by the way, were getting about \$18 a day, plus social security, industrial insurance, and so on. The industrial insurance and social security amounted to more than the wages paid in most of the countries to which I refer.

Unless there is a change in the situation of titanium manufacture, Henderson, Nev., and New Jersey will not have a titanium operation of very long duration, and there will be other men out on the streets.

ECONOMY OF UNITED STATES SAGS WHILE UNITED STATES DOLLARS BUILD UP ECONOMIES OF FOREIGN COUNTRIES

No Government publications have reached my desk about the plight or the problems of our own less developed areas, which I have just described, or the fine Americans whose economy is going or has gone down the drain. Nothing concrete has been done for the past 11 years to advance our own economy, which has been and is steadily deteriorating. Everything has been done that \$70 billion of our taxpayers' money could do to advance the economies of our foreign competitors. We even boast about it.

Mr. President, the April 1958 issue of the Survey of Current Business, published by the Department of Commerce, begins a leading article by stating:

Foreign countries received approximately \$5.1 billion of goods, services, and cash in 1957 under the several United States Government foreign assistance programs. This amount was about \$160 million more than in 1956. Military supplies and services furnished declined to \$2.5 billion in 1957. Other assistance rose by one-eighth to \$2.6 billion.

"Economic aid tops arms grants" was a headline in the New York Journal of Commerce.

AID GOES TO REDS AND NEUTRALS WHILE DISTRESSED AREAS IN UNITED STATES MULTIPLY

Meanwhile the number of distressed areas in the United States grows. In March of this year there were 187 distressed areas. In January of this year there were 113. Four years ago there were 77. Two years before that the number was 37. Today there are more than 6 times as many, or 243 depressed areas.

Mr. President, the bill we are considering is not a bill to help distressed areas; it is a bill to help Communist Yugoslavia, to help countries bending toward communism, such as Indonesia, to

help the so-called neutral nations such as India, which cuddles closer and closer always to Russia. This is a bill to help absolute monarchies and dictatorships and to help the empire-minded nations exploit their colonial peoples and possessions.

ICA FINANCING INDIA IRON OUTPUT TO REPLACE UNITED STATES IRON IN JAPANESE MARKET

Mr. President, I might mention something which is a little ironic. Japan has been buying iron ore from the Western States, and from my State of Nevada. Recently there was a proposal to give to India \$50 million, or some such amount—a few million dollars more or less does not seem to matter to the State Department—to develop iron mines so as to furnish iron to Japan, and thereby cut out of the picture the Western States which sell iron to Japan. That is only one out of 5,000 things being done, but it is a concrete thing one can look at.

I have no objection, if India desires to develop its iron mines and to undersell the iron mines of the State of Nevada or the State of California, if India does so with its own money. Such action would represent progress in the world, and be a matter of competition. However, when the money is taken from the taxpayers of the State of Nevada to be used to finance production in India, and thereby injuriously affect the workers and taxpayers of the United States. I have a logical objection to file in the United States Senate, and I shall continue to file it so long as I serve in this body.

I have never voted for this aid program. I intend never to vote for it. I intend never to vote for inflation. In my committee I think I cast the only vote—though there may have been two—against the last increase in the debt limit. There will be another bill for another increase in the debt limit before we leave this year, or early next spring, if the present situation continues.

Mr. President, today, June 5, the Wall Street Journal has a page 1, column 1 story on our aid to India. It is headed: "Industrializing India; Socialist Program Runs Into Barriers Despite Growing Aid From United States; Big Budget Deficits Spur Inflation, Hiking Costs and Bringing Cuts in Plan; Idle United States Tractors, Grain Bins."

Mr. President, I ask unanimous consent to have printed in the RECORD excerpts from this informative and timely article from today's Wall Street Journal.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDUSTRIALIZING INDIA SOCIALIST PROGRAM RUNS INTO BARRIERS DESPITE GROWING AID FROM UNITED STATES—BIG BUDGET DEFICITS SPUR INFLATION, HIKING COSTS AND BRINGING CUTS IN PLAN—IDLE UNITED STATES TRACTORS, GRAIN BINS

(By Igor Oganesoff)

NEW DELHI, INDIA.—Here in the luxurious palace of the Maharajah of Faridkot, which now serves as the home office of the United States mission to India, one book merits a special place on all the functionaries' desks.

It is a pale blue, bulky volume entitled "The Second Five Year Plan." This is India's

blueprint for an industrialized Socialist state. American officials thumb through it as though it were a catalog, picking out projects for which the United States will grant assistance.

So far, more than \$1.2 billion of American money has been provided for India's self-improvement schemes, and it seems likely that there will be more—much more. This year the United States approved a long-term loan of \$225 million. Even before the terms were worked out, senators KENNEDY, Democrat, of Massachusetts, and COOPER, Republican, Kentucky, were proposing another \$500 million. Senator KENNEDY going so far as to urge a Free World Marshall plan to provide India with whatever outside help it needs to complete its economic program.

MANY SEQUELS

The authors of India's present plan, which expires in 1961, envision many sequels. "In working out the plan, a wider perspective extending over a period of 3 or 4 plans has to be kept in mind," they say in the current volume.

Unfortunately, at a point just 2 years deep into the current 5-year program, the plot of the big blue master book is diverging farther and farther from the way things actually are working out.

Inflation, possibly induced by the deficit financing called for in the plans themselves, has wrecked cost estimates of the many projects. National savings have failed to rise as they were supposed to, and exports have shown no improvement. Last month, as a result, the Indians were forced to cut \$640 million worth of projects out of the master plan and more surgery is indicated unless more money is discovered somewhere or the Indian economy takes a sudden turn for the better.

Some additional money undoubtedly will go to India under the fiscal 1959 foreign aid program now being debated in Congress. When the Senate Foreign Relations Committee approved the foreign aid bill and sent it to the floor, it took the unusual step of attaching a declaration of policy supporting continued help to India.

DAREDEVIL COURSE

Furthermore, in budgeting where the money was to come from, India seems to have mapped out a rather dare-devil fiscal course. It blocked out 50 percent to come from increased taxation and internal borrowing, 17 percent from foreign aid and left blank a huge gap of about 33 percent. No source at all was indicated for \$840 million of this gap and the balance of \$2.5 billion was to be obtained from "deficit financing."

The American contributions have vanished into India's capital-starved economy like stones dropped into the sea. Spread thinly over hundreds of projects—\$7.5 million for cement, \$1.4 million for grain elevators, \$3 million for wooden powerline poles, \$2.3 million for management consulting services—the United States contributions are almost completely invisible to a traveler in this poverty-stricken land.

AN ADMINISTRATIVE CONTRAST

The Soviets also are unencumbered with any large administrative setup for aid; of the 300 Communist bloc advisors on the scene in India at the moment, all but a couple of dozen interpreters are technicians or engineers. Of the American ICA staff of 217, only half are in the field giving technical advice, the rest are office-bound, administering the programs.

The United States emphasis on managers and expeditors has not eliminated all the rough spots in the meshing of our aid with Indian programs. Farm tractors have stood

unclaimed in Bombay for half a year. Although Calcutta stevedores are notoriously slow in unloading vessels, six big Vacu-Vator pneumatic grain unloaders, provided with United States funds, have lain idle at the docks there for 2 years. More than \$1 million worth of grain storage bins have never been used for the simple reason that there hasn't been enough surplus grain in India to store.

In doling out massive hunks of assistance in Asia, the United States aidsters sometimes work at cross purposes. It takes the average Indian official only a minute or 2 in conversation with an American to bring up the 10-year-old feud between his country and Pakistan over the disputed area of Kashmir. Suddenly this has become the outstanding issue in Indo-American relations—all because the United States is supplying arms aid to Pakistan.

BOOSTING ITS BUDGET

To meet the real or imagined threat caused by these arms shipments to the Pakistani, India has increased its military budget from \$445 million to \$641 million in the last 2 years and is now expending precious foreign exchange for additional modern aircraft from Britain, as well as arms from other countries.

It's hard to find opposition in India to foreign aid, but there is some vocal opposition to the way the aid is being used. M. R. Masani, formerly an official of the mammoth, privately-owned Tata Industries, Ltd., and now a Member of Parliament, warns that India's socialistic policies are a "danger to the democratic way of life." Like others, he also deprecates the heavy foreign debt India is piling up—already well over \$1.8 billion in all.

Nearly two-thirds of the \$1.2 billion in total American assistance furnished India is in the form of loans. And from now on, say ICA officials, further aid (except technical assistance) will be entirely in the form of loans.

A HOARD OF RUPEES?

Yet this may raise still more problems. Most of the loans stipulate that India may repay interest and principal in dollars or rupees (official rate 21 cents) over the 40-year term of each loan. In case India's development plans aren't successful in saving foreign currency through reduced imports and the New Delhi Government is unable to make dollar payments, the United States would find itself with a growing hoard of Indian rupees.

In this eventuality, the United States may have a much larger stake in the Indian economy than it probably wants. Merely juggling the rate at which the money would be loaned to Indian borrowers, or specifying how it would be invested, could greatly influence the whole course of the economy.

"What's more," says an ICA official, "we might not be so anxious to have India pay us back in dollars. After all, this probably would cut heavily into her ability to buy from us—and this is a \$200-million market annually for United States business."

The United States program for fiscal 1958 consists of \$225 million in long-term loans, \$150 million from the Export-Import Bank and \$75 million from the Development Loan Fund, the two principal dispensing agencies of our foreign-aid program. In addition, \$65 million worth of wheat is being shipped to India this year. India will pay for the wheat in rupees and then will get 80 percent of the rupees right back in further United States aid. There is also a \$6.3-million outright grant for technical cooperation, covering such things as geological surveys and soil studies, training of civil servants, and setting up technical schools.

In addition to the funds from United States Government agencies, the International Bank for Reconstruction and Development (the World Bank for which the United States has provided nearly a third of the

\$9.4 billion capitalization) has approved loans totaling \$415.6 million for India, mostly for railway, power, and heavy industry projects.

TAXING POWER BEING USED TO DESTROY PURCHASING POWER OF THE PEOPLE

Mr. MALONE. Mr. President, if there is a desire to cut taxes—and argument to that end is being heard—we must consider the facts. During the past 25 years we have had some kind of idea, east of the Potomac—as I say, no real information ever reaches this place, so far as public opinion is concerned—that the way to regulate purchasing power and the way to regulate inflation is to regulate taxes by taking money away from the people so that they do not have the money to spend. Someone sitting in a bureau can always judge exactly how much money we should leave in the hands of the people. I think it is an outrage; it is a policy which never should have been adopted and never should have been even discussed.

For 150 years this Government encouraged the people on the farms and in industry, who worked with their hands, to save a couple of dollars for a rainy day. Sometimes that was pretty hard to do, but we encouraged it. Then, as the family grew, the family would have to send the children to high school or college, and had a few dollars to pay for the schooling.

PREDATORY TAX POLICY INAUGURATED 24 YEARS AGO

Then what did we do? Twenty-four years ago we adopted an entirely new policy. We had a President—a very powerful President—who said, "Spend all your money. That is the way to get out of a depression. Depend upon social security and unemployment insurance. Do not save any money. Saving is what brings on depression."

So we have pretty much adopted that policy. We went from a policy enabling people to save money and to get a few dollars together, so as to build a business or take care of sickness or other contingency to a policy of urging them to spend all their money.

PEOPLE DESPERATELY TRYING TO SAVE FOR FUTURE OF THEIR FAMILIES

We suddenly found, a few months ago, that the people themselves were taking a hand. It does not seem to mean anything to Congress. It does not seem to mean anything east of the Potomac River. That "sound barrier" stops all the public sentiment from getting to the Capitol. But the people of the United States have suddenly taken the bit in their teeth, and they are saving a couple of dollars. Personally I think they should be encouraged to do so. They may want to buy a business or buy a ranch or send their girls and boys to school for a little more schooling beyond the grade school, or even beyond the high school. If they have the money, pretty nearly all of them will do that.

Now they are saving it and laughing at those who are saying, "Let us spend it all, to get out of the depression or recession." I was severely criticized 5 or 6 months ago when I said that we had a recession. I suppose everyone knows it now. The

people of the country have taken the bit in their teeth and are saving a couple of dollars, and we do not like that.

SENATOR RECALLS OWN TOUR OF INDIA AND OTHER ASIATIC COUNTRIES

With respect to the bill before us, this is a bill to help absolute monarchies, dictatorships, and empire-minded nations to exploit their colonial peoples and possessions. I have been in India. I visited in Mr. Nehru's office for 4½ hours. He is a very fine, soft-spoken man. He is a Communist, and does not even know it. All the principles of India are communistic. I was in New Delhi, Calcutta, at the Taj Mahal, and I traveled in southern India. I have been to Karachi, the capital of Pakistan. As a matter of fact, I have been in all the countries. I thought that during the first 8 years I was a Member of this body I should visit all our star boarders. I did so. I saw the industries. I did not go for social purposes.

For 2½ months I was behind the Iron Curtain. I have a pretty good idea what I am talking about behind the Iron Curtain. In 1954 I came back from a trip to Russia. I was in Russia, a thousand miles east of the Urals in Novosibirsk. I traveled down through the lake region to Tashkent, over in Asia, where there are a couple of million acres of land, mostly in long staple cotton. That is close to India, again. It is just across a mountain range.

We talk about Afghanistan; we talk about India; we talk about Syria. They are all on the edge of Russia. To try to control those countries would be like Russia trying to control Cuba or Santo Domingo. What would we do if the Russians started to do something like that? I am not sure, but when I had an interview with Mr. Bulganin—and I saw him 5 or 6 times after that at cocktail parties and visited with him—in answer to a direct question from him, "What would you do if we started building a base in Cuba?" I replied, "We would bomb the hell out of you." I am not sure that we would, with a State Department such as we have.

BILL ASKS \$3 BILLION FOR FOREIGNERS, NOTHING FOR AMERICANS' DISTRESSED AREAS, OR UNEMPLOYED

This is a bill professedly to give the beneficiaries security, while in reality it undermines our security at home. A foreign-aid bill with a \$3 billion-plus tag on it. It is not a bill to help the 21 distressed areas in Ohio, the 19 in Michigan, or 18 in Massachusetts. It is not a bill to help the 19 distressed areas in Pennsylvania, or the 14 each in Connecticut, Illinois, and West Virginia. It is not a bill to help the 13 distressed areas in New York, or the 12 each in Indiana and North Carolina, or any of their unemployed. This is a bill to help foreigners, not Americans.

What do we think we are doing? We are selling the people—the women's organizations, such as the League of Women Voters, the University Women, and others, on the theory that we must divide our wealth, our tax money, and our markets to preserve peace on earth. What we are doing is getting ready for a war which we cannot win. If we go

down economically—and that is where we are headed, because we are living on a war economy—the American workingmen and investors will take a look; and if they are competing for the American market on an even basis with the foreigners, with a tariff or duty which compensates for the difference in costs, they will accept the situation, in my opinion. But if we give that market away, as we are doing, leaving for the American workingman and investor nothing but national-defense material when the economic slump comes, we may wake up with the kind of government which we think we are fighting.

BILL WOULD HELP COUNTRIES WHERE MOBS INSULTED VICE PRESIDENT ON RECENT TOUR

This is not a bill to help the 10 distressed areas in Kentucky, or the 9 in the State of Washington, or the 8 in New Jersey, or the 6 each in Wisconsin, Texas, and Alabama; the 5 each in Tennessee and Oregon, or the 4 in Missouri. This is a bill to help states overseas in Europe, Africa, Asia, and South America, including countries in which mobs spit at our Vice President and desecrate our flag.

I have been in Peru. I have been in all the South American countries. In 1954, Senate Report 1627 of the 83d Congress, was presented to the President of the United States. In that report it was stated specifically, after full investigation, that the Western Hemisphere could be made self-sufficient with respect to everything it needed for peace or war.

That report also stated that we could defend the Western Hemisphere from North America. Within a year or two we shall be chased out of Europe. Those nations will insist that we leave and take our bases with us, because their own security at home will be threatened so long as we are there. We can hear rumblings to that effect now.

MORE STATES WITH DISTRESSED AREAS CITED

I find on the list of distressed areas which the Bureau of Employment Security has just issued that there are three such areas each in Montana, Virginia, and Maine. This is not a bill to help those areas. Nor is it a bill to help the distressed areas in California, Georgia, Kansas, Maryland, Minnesota, Oklahoma, Rhode Island, or Vermont, with two each; nor the single distressed area in each of the States of Iowa, Mississippi, and Utah.

THE DISTRESSED CITIZENS IN POVERTY-STRICKEN PUERTO RICO GET NO SHARE OF FOREIGN AID

The distressed areas I have listed are in American States. In addition, there is a distressed area in the Territory of Alaska. There are three in Puerto Rico, which I did not include in the total. This is not a bill to extend aid to them. In Puerto Rico there are Americans as poverty stricken, destitute, and undernourished as any of the people in British Guiana, Ethiopia, Cambodia, or the Sudan. This bill is not to help the Puerto Ricans, but to shower millions on distant areas which I have named.

AMERICANS SHOULD HAVE RIGHT TO COMPETE FOR AMERICAN MARKET ON EQUAL BASIS WITH FOREIGN NATIONS

Coming back to the Constitution of the United States, the regulation of foreign trade and the national economy contem-

plates that Americans shall be permitted to compete for the American market on an even basis with foreign nations. When the American market is satisfied, Americans should compete in foreign nations in accordance with their efficiency and ability to sell in a competitive market. At the present time Americans are not able to compete in that market.

FOREIGN AID BILLIONS WOULD SPEED RECOVERY IF CHANGED TO AMERICAN AID BILLIONS

Mr. President, if \$3 billion were expended in a proper manner in the United States, it would do much to relieve the stress in our own 243 distressed areas and bring some security and comfort to the American citizens making their homes and raising their families in those areas. Three billion dollars would build schools, create new industries, construct public works, give employment, and build vast reclamation and irrigation projects to give them new homes and new security.

The State Department has had a bill in Congress for the past 20 years or so, knowing that the economic situation we have today would be coming along. We have been living in two wars and in preparation for war for a quarter of a century. The State Department has had a bill in Congress knowing what this remaking of the industrial map and the financing of production abroad was going to do to the working people and investors of this country—this combination that Mr. Thorp, Assistant Secretary of State at the time, voiced specifically. What was it? It was that the taxpayers' money would be used to retain workers in various areas—workers who had been thrown out of work by free trade and foreign aid—and the money would be used to send the people to other areas in order to compensate to some extent for the loss to the stockholders and, to a certain extent, for the industries that had been destroyed.

RUSSIAN PROGRAM OF MASS MIGRATIONS STATE DEPARTMENTS REMEDY FOR UNEMPLOYMENT

That bill has not been passed, but it will have to be passed one of these days, if this is to be continued. That is the Russian method. The only difference is that the Russians do not need legislation with which to do the job; they merely take the workingmen from one place to any other place in Russia, or wherever they dominate other nations. If the workers survive, it is all right; if they do not survive, they do not miss them. Now we are starting that principle here. The bill before us is a bill to subsidize foreigners, including foreigners in Soviet satellites. We have had some discussion already and we are going to continue it. The question is whether we will continue to finance Yugoslavia and whether we are going to send money behind the Iron Curtain.

How can we reach such a low level in a short space of 24 years? That is a mystery to me, Mr. President. Thirty years ago, if anyone had said that the people of the United States would tax themselves to send money abroad to build plants to compete with American workingmen, they would have put him in the insane asylum, without much question. Regardless of the change in sentiment

east of the Potomac, where no public sentiment ever arrives, due to the sound barrier, it is still a good place.

WARNING BY REPUBLICAN POLICY COMMITTEE CHAIRMAN RECALLED

On March 9 of this year the distinguished chairman of the Republican policy committee voiced his alarm at some aspects of our foreign-aid program in a release to the press. It read in part:

When the taxpayer reads that we have just granted \$225 million worth of economic aid to neutralist India—practically on the heels of giving \$98 million worth of foreign aid credits to Communist Poland, and \$62.5 million in farm surpluses to Communist Yugoslavia—he will certainly question what is being done with his tax dollars.

I agree with the Senator from New Hampshire and compliment him on his observation. He refers to the taxpayer. How much more will the unemployed citizen of the 243 present distressed areas in the United States question what is being done with the taxpayers' dollar?

DOLLARS FOR FOREIGN COUNTRIES HAVE FAILED TO PURCHASE EVEN THEIR GOOD WILL—HELP DICTATORS TO HOLD WAGES DOWN

As long as he had a job, he paid his taxes—involuntarily, it is true—and the taxes were deducted from his paycheck. He is not now getting the dollar. Some resident of Laos, Yugoslavia, Venezuela, Peru, or India may be getting it. We know the good will we have gained from it in the last two places.

I was in Peru in 1954. I do not believe there are any more Communists in Peru than there are in New York City. A great many people down there do not like the concessions our own people get in those nations under dictators or forced presidents. They are paying off to the dictators and the government and holding their wages down; then taking what the traffic will bear for the product, and that is the profit.

We say that we want to raise the standard of living. What do we actually do? As long as we spend this money in these nations to build the plants and then bring the products to this country and thereby throw our own people out of work, but hold their wages down, we are not raising the standard of living. However, if we changed that policy, and if we did not give them the cash, but treated them as good neighbors, it would be a different story. The United States is their only protector.

PROTECTION, NOT DOLLARS, LATIN AMERICA'S NEED

The United States is the only protector of the Western Hemisphere. We are the only ones who can protect the countries of the Western Hemisphere. It is not necessary to give them taxpayers' money. If any nation, as President Monroe said in 1823, 135 years ago, moves into that area, we should and could destroy her warmaking capacity at home. We should be the judge of our own security. Any nation that moves into the Western Hemisphere knows what is can expect from us. That policy has not changed one iota since it was issued by President Monroe. We certainly might have to extend it somewhere in the Pacific and in the Atlantic areas, and to whatever area or along whatever line or boundary

wherever our security is threatened; and we could move against any nation coming inside that area, economically and militarily.

Then we would be in a position to destroy that nation's warmaking capacity at home, and not create a small war. The next time we do that, someone should be impeached.

FOREIGN TRADE BOOKLET REVEALS SCHEME TO PROMOTE INTERNATIONAL SOCIALISM

Mr. President, what is the real reason for this desperation in the executive branch for a perpetual foreign-aid program with more billions of taxpayers money squandered every year in distant foreign lands. I think I know.

In the propaganda booklet put out jointly by the Department of State, Department of Defense, and the International Cooperation Administration titled "Background for Mutual Security," we have the tipoff.

It is this, and I quote it from the handsome booklet:

We have tried to encourage trade among the nations of the free world by reducing restrictions, by reciprocal trade legislation, revision of customs procedures, and participation in the General Agreement on Tariffs and Trade (GATT).

We have helped to make needed capital available by contributing to the International Bank for Reconstruction and Development, by increasing the lending authority of the Export-Import Bank, and by establishing the Development Loan Fund.

We have attempted with success to mesh the resources of the United States and friendly nations—resources of populations, skills, raw materials and productive capacities and defense capabilities—to produce results far greater than could be obtained by this Nation or any other nation trying to protect its interests or promote its welfare in isolation.

THE MESH PLAN

I repeat that: "To mesh the resources of the United States and friendly nations." What does that mean? It means to average and to mesh and to mix up and to level off. So that our 170 million people, according to the last census, and the 2½ billion other people in the world will mesh or average the resources. Where does that put us? That is just about like pouring a glass of water into the city reservoir and meshing and averaging the level of that reservoir with the glass of water. The result is that whoever does that is merely out of water and the level of the reservoir has not been changed very much.

AGENCIES WOULD MESH NATION'S RESOURCES WITH THOSE OF WORLD

What is to happen to our resources? We will "mesh the resources of the United States and friendly nations—resources of populations, skills, raw materials and productive capacities and defense capabilities—to produce results far greater than could be obtained by this Nation or any other nation trying to protect its interests or promote its welfare in isolation."

Mr. President, that one paragraph is very clear. We are meshing and averaging and leveling the standards of the nations of the world, which some call the free world.

That one paragraph alone should scare every Senator and Representative to death, if he is interested in the welfare of his country. That is a fairly honest statement of purpose. The purpose is international socialism; but it still is a fairly honest statement.

OUT ACHESONING ACHESON

The State Department is getting bolder in its economic plans. Even Mr. Acheson did not suggest that part of it; he merely suggested that we could not separate the two any longer; that the State Department had to handle the economics of the country—that is, regulate its economy—together with the foreign policy. Assistant Secretary Thorpe followed with his free trade principle statement, which, if implemented, would have taken away almost every authority which the Senate and House ever had under the Constitution of the United States.

STATE DEPARTMENT'S MESH PLAN ANALYZED

Let us analyze this. First, the Department of State says it has tried to encourage trade among the nations of the free world. They do not say that they have done so, but they say they have tried. They do not say they have tried to encourage trade which would be beneficial to the United States and thus enhance our commerce and economy, but that they have tried to encourage it generally, so to speak, among all the nations of the free world.

Apparently they include Yugoslavia and Poland in the free world, which it is not, but we will let that pass. There is also a considerable question in my mind if any colony or dependency of the empire-minded powers can be considered a part of the free world. At least, they are not free from their old European masters. But we will let that pass also.

What is the free world? If one looks at a map and draws a dividing line at central Germany, Austria, Hungary, Yugoslavia, and Rumania, he can throw a baseball across the rest of Europe. This is the part of Europe which will be neutral if a war starts. It will have to be neutral; otherwise, it will be destroyed in 30 minutes. That is the area from which Americans will be invited to depart within a year or two years, because their security will be threatened if they remain there. That has already been indicated.

ECONOMIC UNION OF EUROPE WOULD BE NO BOON TO AMERICA

Another thing which must become evident is the economic union of European states. There is no immediate prospect of the success of such an economic union, because even the nations of Europe will not submit to having free trade among themselves. Because the wages and standards of living in those countries are approximately the same, an economic union could very easily be established. But if they achieve an economic union, they will demand the protection of tariffs, import permits, exchange permits, and all the other things which will protect their workmen and investors once a commercial investment has been made. So United States ma-

terial could not enter those countries anyway.

WORLDWIDE PLAN OF STATE DEPARTMENT TO POUR WORLD'S GOODS INTO UNITED STATES MARKETS

The State Department and the other directors of this program have told us how they have tried to encourage worldwide trade by such devices as the reciprocal trade legislation, revision of customs procedures, and participation in the General Agreement on Tariffs and Trade.

Only last year, Congress was asked to consider the establishment of the Office of Trade Cooperation, which the Secretary of State was pushing. That was a replica of the International Trade Organization, which Congress rejected some years earlier. We rejected OIC last year.

All that that legislation would have done, if it had been passed, would have been to approve what is being done in Geneva, where 36 competitive nations are sitting at a table, dividing the remainder of the United States markets among themselves. But even though we did not pass it, the General Agreement on Tariffs and Trade is still continuing to operate under the 1934 Trade Agreements Act, and Mr. Dulles so testified under my questioning.

All these schemes, of course, are devices to encourage the trade of foreign nations by opening American markets to their products. American markets are the only markets in the pot. If the United States withdrew, there would be no game. The game is to divide our markets among themselves, and not to allow any of our products to enter other nations, unless those nations are subsidized. The plan is to encourage worldwide foreign competition against American workers and investors, for the American dollar.

STATE DEPARTMENT WANTS TO SWEETEN THE BILLION DOLLAR GIVEAWAY POT WITH BILLIONS WE STILL HAVE AT HOME

In addition to the billions of dollars we give away, the State Department wants the foreign countries to have the billions we have retained at home to support our own economy.

The foreign aid dollars which Congress has been voting for the past 11 years, and those for which we are asked to vote today, is merely money to put foreign countries in a position to compete, and compete successfully; to subsidize their industries, develop their resources, and finance their trade and commerce, so that inevitably they can invade, seize, and destroy our markets and create more unemployment and distressed areas in the United States.

We are not buying anything. We are furnishing money with which to buy products which are surplus in the United States from the overproduction of manufactured goods.

BILLIONS IN FOREIGN AID GIVEN EUROPE IN 1920'S BY NATION'S BANKERS

In 1919, after the end of World War I, I returned from France along with a million and a half others who had been sent abroad, out of the 4 or 5 million who were in the Armed Forces, and start-

ed to dig into my business again. I watched our foreign affairs as time went on. In the 1920's, the New York bankers lent between \$8 billion and \$10 billion to foreign nations.

The New York bankers loaned that money with the idea that it would be repaid with interest, and that the European nations would buy our goods. They did buy some of the goods, because the New York bankers controlled the money; but the bankers did not get back any of the money or any interest on it. So in due time the bankers divided the loans among their member banks and hastened the depression. The memories of those bankers would make the memory of an elephant a piker.

BANKERS SHIFT FOREIGN AID PROGRAM TO TAXPAYERS' WORLD WAR II

So at the end of World War II, instead of the bankers lending their own money, the money of their depositors, taxpayers, to the capitals of Europe with which to buy our goods, a propaganda such as had never before been known flooded the country, namely, that the taxpayers should furnish the money to the foreign nations under the Marshall plan and all of its successors for the recovery of the foreign nations.

That was called dollar shortage. There is only one way in which a person can have a dollar shortage. That is when he spends more each month than he makes. But a foreign nation, or any nation, for that matter, can have a dollar shortage in two ways: First, by expending more than it earns each year, which is considerable among all of them. Second, by setting the price on their money, in terms of dollars, higher than the market price which anybody will pay, except a Congress which seems to have gone clear out of its mind. That is what we are doing today.

TRIPLE PROGRAM ESPOUSED IN AGENCY PROPAGANDA IS IN FOREIGN INTEREST; AGAINST AMERICAN INTEREST

The so-called reciprocal trade legislation, which is not reciprocal and was never intended to be; the revision of customs procedures; and participation in GATT are all devices against the interest of the United States and in the interest of foreign nations, and are projected, as the propaganda brochure of the three agencies in the executive department proclaims them to be, "to encourage trade among the nations."

We encourage them to divide among themselves the markets of the United States; that is what we are doing. But not content with the division of our markets among them, we provide them with funds with which to construct plants which will produce various articles which will be sold in competition with the products of American plants. In that way, we make it possible for the low-paid labor of these foreign countries to compete successfully with American workers.

OTHER GIVEAWAY AGENCIES CREATED IN CASE ICA-STATE DEPARTMENT BILL FAILS

In addition to the foreign aid we are asked to vote for now, some other giveaway agencies have been created, just in case some Congress should be sane

enough to vote for Americans instead of foreigners. These include, as these Departments state, the International Bank, the Export-Import Bank, and a few others which they do not mention.

The third paragraph quoted from their brochure is the payoff—the admission that they have attempted "to mesh the resources of the United States and friendly nations."

UNITED STATES RESOURCES, JOBS, MARKETS, PUT UP FOR "GRABS"

Mr. President, that means that they have attempted to distribute, on an equal basis, the wealth and the markets of the American people among the peoples of all these foreign countries. In GATT there is a little "gimmick" provision which states specifically that any nation which can show that it has a dollar shortage or a shortage of its dollar balance does not need to pay its share under the agreement until—what, Mr. President? Until the wealth is equally divided. And, Mr. President, we are now on the way to an equal division with these foreign countries of the markets and the cash of the American taxpayers. The dishonest part of the third paragraph quoted from the brochure is that they have also attempted to mesh the resources of unfriendly nations; the resources of nations that are neither friendly nor unfriendly, but just have their hands out; and the resources of dependencies or areas that are not nations at all, but simply are exploited colonies.

INTERNATIONAL BLACKMAIL

Mr. President, history shows that without exception, so far as I know, when a person has begun to engage in blackmail, it has been necessary either to shoot him or to force him to leave the country. Blackmail, once begun, becomes more and more insistent. That is the situation today; the United States is simply being blackmailed and pressured into paying more and more cash to these foreign countries.

Recently, one nation laid down the rules under which it would accept aid from the United States, and was very arrogant about them. I saw, either in one of today's newspapers, or in one of yesterday's newspapers, an article to the effect that Yugoslavia plans to sue Russia—in the International Court, I suppose—because Russia promised Yugoslavia a certain amount of money, but is not now delivering it. It could be that such a court action would constitute a precedent which could be used by other countries. In that event, I suppose the other nations of the world would begin to sue the United States.

Mr. President, I note that a very interesting conversation is being held in the far corner of the Chamber; but at the moment I am not interested in it.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The Senate will be in order.

INTERNATIONAL SOCIALISM MEANS MORE AMERICAN DISTRESS

Mr. MALONE. So, Mr. President, as I have been pointing out, the attempt has been to mesh the raw materials, pro-

ductive capacities and resources of all these areas into a sort of a composite whole, or, in other words, mix the wealth, real and potential, of three-fourths of the world in one pot, so no country or dependency will be any richer or poorer than the rest, and so all shall live under a universal international socialism.

Never, Mr. President, was a statement clearer than the one I have just made. It shows what we are buying and are engaged to buy with our foreign aid, whereas 243 distressed or depressed areas now exist in the United States. But the objective seems to be a distressed and depressed United States, on the exact and precise level of, say, Sudan, Surinam, Laos, Libya, Iran, India, British Guiana, or British Honduras. All of them are embraced in the program we are asked to finance.

WAR THREAT HURLED BY ONE-WORLDEERS TO SELL THEIR PROGRAM OF ECONOMIC SURRENDER

The program is being sold to the people of the United States on the basis of either divide your markets and cash with the other nations of the world, or you will have war. Thus are the taxpayers of the United States being threatened.

Well, Mr. President, if this program continues a little further, with the result that the United States goes down economically, war against the United States will not be necessary on the part of any country, in order to do what these countries have in mind doing to the United States.

Why we should be asked to finance British, Dutch, or French colonies is beyond me. One would imagine that the nations which have exploited them should be the ones to extend them aid. But perhaps the objective is to bring American living and wage standards down also to those of those colonial possessions.

FOREIGN AIDERS TO END CAMPAIGN WHEN UNITED STATES ECONOMY BANKRUPTS

When a common level is reached, when the living standards of all the world have been averaged down to bare subsistence for all, when the wage of the American workman is reduced to that of the coolie in Vietnam or the native in Rhodesia, then, and then only, under the premise of the State Department and ICA, will the objective be achieved and the need for foreign aid disappear.

Mr. President, again I call attention to the fact that these agencies of our Government say to the people of these foreign countries, "Our objective is to raise your standard of living." But, Mr. President, how are the people of the United States going to be able to raise the standard of living of the 2,500,000,000 people of the other countries of the world, by dividing with them the wealth of the 170 million people of the United States? Of course, that question answers itself; no argument is needed.

If we are interested in raising the standard of living of the workers of all these other countries, our policy in that connection and the way we go about implementing it defeat our very purpose, because so long as free trade exists, after

we make it possible for new plants to be built in these foreign countries, the products of those plants—produced by workingmen who are paid low wages—when imported into the United States on a basis of virtually free trade, will result in the destruction of the jobs and investments of the American people.

FOREIGN AID A VIOLATION OF SPIRIT OF THE CONSTITUTION

So, Mr. President, it is obvious that it is time for the Congress to revert to the provisions of the Constitution. I say to you, Mr. President, that any expenditure of the money of the taxpayers of the United States, for the benefit of foreign nations, is opposed to the spirit of the Constitution.

Furthermore, any attempt to consolidate the legislative branch and the executive branch of our Government, and to transfer the power of the Congress to the executive branch, so as to enable it to regulate the foreign trade and the economy of this country and to divide with other countries the cash and the markets of the people of the United States, all under an alleged policy of advancing the foreign policy of the United States, which may be established, is contrary to the Constitution of the United States.

UNITED STATES FREE IMPORT PLAN KEEPS FOREIGN WAGES AT LOWEST LEVELS WHILE INCREASING THEIR EMPLOYERS' PROFITS

Mr. President, I say to you that if the Congress once again follows the provisions of the Constitution, and if the legislative branch of our Government once again regulates foreign trade and national economy through the adjustment of the duties or tariffs, and stops the distribution of the money of the taxpayers of our country among other nations of the world, and if the Tariff Commission, an agent of the Congress, is permitted to do exactly what the Constitution provides, namely, regulate the duties and imposts or tariffs, or whatever we may wish to call them—or, in other words, to regulate foreign trade—and if the tariff is, as the 1930 Tariff Act provides, fixed at such a point that it will represent the difference between the cost of production in the United States and the cost of production of such an article or a like article in the chief competing foreign nation—that is exactly the language of that act—then the profit will be taken out of cheap labor at the water's edge; and then the importing nations will see that the party is over, and that they might just as well permit the wages paid to the people of their country rise, and thus create a market among their own people.

HOME MARKET RICHEST IN THE WORLD; BROCHURE AUTHORS WOULD DESTROY IT

Mr. President, it is obvious that when 100 American workmen are earning \$18 or \$20 a day, each, they and their families are in the market for automobiles, washing machines, electrical appliances, including radios and television sets. It is equally obvious that 100 such families will be in the market to buy more materials than 20 times that number of families in a foreign nation who are paid anywhere from 50 cents to \$2.50 a day.

So, Mr. President, under the premise of these executive agencies—and I still refer, in that connection to the State Department, the International Cooperation Administration, or ICA, and the Defense Department, who are the ones who joined in issuing the brochure—foreign aid will no longer be necessary from their standpoint, when the entire United States is a continentwide impoverished, distressed area.

Let us revert to the Constitution. Let us again be the free and independent, ever-expanding Nation, prosperous and peaceful, involved in no foreign entanglements or foreign wars, the America we were for 140 years before misguided statesmen plunged us into the free trade, international socialist trap in which we find ourselves today.

PAY BILL FOR CLASSIFIED EMPLOYEES

During the delivery of Mr. MALONE'S speech,

Mr. JOHNSTON of South Carolina. Mr. President, I regret that there is going to be a further delay in taking final action on the justified, meritorious increase for the Nation's 1 million classified employees. On learning earlier this afternoon that the House of Representatives would insist on a conference on the Senate amendment adopted yesterday, I immediately notified the House that the Senate conferees would be available to meet this afternoon, tonight, or tomorrow.

I have been informed that the House conferees will not be available to meet this week.

I am hopeful that as soon as I return to the city on Wednesday of next week, the conferees will be able to meet and come to a decision promptly.

The Federal employees of the Government have a right to expect a speedy, final conclusion to this long, drawnout fight. I hope that the final decision will be forthcoming next week.

I also am glad the bill carries a retroactive feature to January 1, so that the employees are protected.

OUR DEFENSE POLICY RECONSIDERED

Mr. FLANDERS. Mr. President, as I stated yesterday, it is my intention in this brief talk to analyze the administration proposals for reorganizing the Department of Defense.

For the present and for the foreseeable future the need of the free world—indeed of the whole world—is for an effective holding policy. We need to buy time during which the arduous processes of establishing law in the place of war may play their healing part.

If our military policy is to buy that time, it must be one which is farsighted enough to prevail over decades, perhaps generations, of cold war.

Whatever those policies may be, it is sure that to be effective they will include a radical review of the missions of our armed services. This review is overdue. Competition between the services for the

same missions has reached a point where it disturbs morale and piles up the cost of defense. Suggestions as to missions will be made in a later talk. The subject is introduced here as being a valid reason for an overall authority in the Department of Defense, informed on all the problems, and in a position to make objective decisions. Such an authority is set up in the administration reorganization bill, and its purpose must be realized if we are to have an effective defense without wasteful expenditure.

The relative importance of the missions, their assignment to the respective services, and the size of their financial support is now determined by interservice rivalry within the Department and in hearings before House and Senate committees. The final determination is made in appropriation bills on the floors of the two Houses of Congress.

The Congress cannot delegate or otherwise escape its responsibility for final decisions, but it can carry out its responsibility in a more workmanlike fashion. This the reorganization bill seeks to effect.

The process requires that the initial determinations of missions and their support be worked out within the Defense Department and presented by the Secretary to the Congress as an organized program. In agreeing to this process, the Congress does not relinquish its own responsibility. What it does escape is the impossible responsibility of constructing, in committee and on the floor, an organized military program from the miscellaneous raw materials presented to it by unorganized special pleading of services which are honestly convinced of the vital necessity of their demands.

It will be far easier to modify and improve a presented program than to construct one anew, which is in effect what we now try to do. Let us, therefore, consider an integrated program, coming from an authoritative source. This is the way to effective and unwasteful national defense.

Amid so much in the reorganization bill that represents progress, there is one element to which both the Congress and the administration must give more thought. The construction of an integrated program in the Department of Defense assumes that the various services, through their chiefs of staff, have had full opportunity to present the uses and the expenses of their services as they see them. This further assumes that, in true military tradition, they support the conclusions arrived at.

This assumption has one advantage and one disadvantage. The advantage is that the final decision lies in civilian hands, through the Secretary of Defense, acting under the President's personal authority. Such recourse to final civilian authority is in accordance with the Constitution and the traditions of our history. The disadvantage is that the Congress will be foreclosed by this procedure from the source material on which it can base its independent judgment, which judgment it is bound to exercise, again in accordance with the Constitution and

the traditions of our history. Here is a dichotomy. How shall it be resolved?

It would seem that the hearings of our Armed Services Committee and the debate on the floor of the Senate might well be directed toward finding a solution to this problem. Let me suggest one of the possibilities as a basis for discussion.

After the official program of the Department of Defense has been worked out, let the Congress require that each of the services, including the Marine Corps, prepare a brief, analyzing that program from the individual service's standpoint. The committees, and ultimately the members of the two houses, will thus have officially before them not only the administration program, but also the pros and cons of the constituent services. Without this information, the Congress would be unable to perform its constitutional function as a coordinate branch of the Government.

To be really useful, these briefs should be prepared as a free exercise of the judgment of the staffs of the separate services. If so prepared, there need be no pressure of necessity for having officers of the services in hearings, except as they are asked to appear by the Secretary. Contrary opinions will be fully and authoritatively expressed. Finally, this result will have been attained without a break in military discipline or a breakdown in morale.

Another new procedure is indicated. The defense program for the Secretary and the separate briefs from the separate services should be presented to the Armed Services Committees of the House and Senate for authorization, in the same way that other activities of the administration are authorized. This action is required if the Congress is to understand, amend, and modify a defense program. The appropriation bill for defense will then follow in due course, and its provisions will be more clearly understood and more intelligently considered than would be possible without preceding authorization.

There may be better ways of meeting the situation just described. If so, let them be brought forth. Whatever the course we take, let it be one which gives us a program to comprehend and accept or revise, after free access to all the pertinent facts and opinions.

Above all, Mr. President, let it be a procedure which recognizes that the defense of America is a unitary problem, into the solution of which all the abilities and experiences of all the services must be directed.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The question is on agreeing to the amendments of the Senator from Wisconsin.

Mr. YARBOROUGH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, my amendment would reduce the authorization for military and defense support by \$339 million below the administration request. It would reduce the figure to precisely the same level as the House total overall authorization for mutual-security measures.

This identical amendment was offered in the Foreign Relations Committee by the Senator from Arkansas [Mr. FULBRIGHT].

There is this difference between what my amendment would accomplish and what the House bill would do: The House bill would reduce the mutual security appropriation by \$339 million, but it would divide it. It would reduce military assistance and defense support by some \$220 million; special assistance by \$27 million; and the contingency fund by \$100 million.

My amendment would reduce the authorization by \$339 million, entirely within military assistance and defense support, and leave it to the discretion of the President as to how to distribute the reduction.

It seems to me that this amendment is eminently justified, on the basis of the hearings, by the question which was asked by the Senator from Montana [Mr. MANSFIELD], and which no one in the administration could answer. The question was as follows:

Senator MANSFIELD. Altogether the Congress reduced the President's request in the fields of military assistance and defense support by a total of \$771 million. Did this reduction have a deleterious effect on the carrying out of our objectives in these two fields?

Neither Secretary McElroy, Secretary Sprague, General Norstad, nor any other member of the administration was able to say that the congressional reduction last year of three-quarters of a billion dollars in military assistance and defense support had any significant harmful effect on the national security program.

In fairness, it was pointed out that that reduction lessened the amount in the pipeline so that it would last about 18 months, and to a total of about \$3 billion; but no member of the administration was able to show that there was any significant reduction in the defense ability of the free world because of the reduction of three-quarters of a billion dollars last year.

In order to show where and how this reduction takes place, I must rely upon the record. To do so effectively, of course, it would be necessary to rely on classified material. I have no classified material before me, and in order to be sure that I would not disclose anything I should not disclose, I deliberately refrain from taking advantage of access to classified material. I am relying entirely upon the record.

Because we cannot use classified material, we must go back to a period which was declassified. The Senator from Montana [Mr. MANSFIELD] made a superb analysis of waste in our mutual security program back in 1955. That analysis is even more valid today, because the amount we are now spending in these areas, on the basis of the information available, is greater now than it was then.

The Senator from Montana [Mr. MANSFIELD] pointed out that the cost of United States military aid and economic assistance in Laos in 1955 reached a total of about \$50 million. He stated that this sum was more than equal to the annual per capita income of all the inhabitants of Laos, and that it was several times the total of the regular budget of the Laotian Government.

Of course, now, on the basis of the best evidence we can get, our appropriation is even greater for this purpose.

It is true that Laos is located in a most strategic area in southeastern Asia, and is on the historic route of invasion, whether from the north, east, west, or south. However, Laos is sparsely populated and is completely underdeveloped in a Western sense. Its way of life has been virtually unchanged over centuries of time. If there is to be a successful resistance to a major Asian Communist drive into southeast Asia over the Laotian invasion routes, it will not be made by Laos alone, no matter how much material assistance may be poured into that country. It will depend on the concerted willingness of nations with interests in the region to support the independence of Laos.

On the basis of that analysis and in spite of the fact that we have been pouring an incredible amount of money and defense support and military assistance into Laos, an amount totaling, in 1955, \$50 million—and it should be remembered that the family allowance for the soldiers we are paying, who are Laotian soldiers, is 10 times the average per capita income of all the inhabitants of that country—and on the basis of the best judgment of the Senator from Montana, it is obvious that the Laotian nation is in no position to serve as a significant bulwark against attack in support of the free world.

It seems to me that in the circumstances military-aid policies which seek to do more than bulwark the local security forces to the point where they can cope with armed minorities and stop occasional border sallies are highly unrealistic and wasteful.

Of course, it makes sense to provide some assistance to Laos, Cambodia, and Vietnam. However, to provide such a heavy concentration of assistance to a country which cannot conceivably make adequate use of it seems to me to be wasteful.

There is one other point I should like to make before I conclude my remarks. I should like to stress what seems to be the attitude of the administration with respect to much of our military aid, an attitude which I consider to be indefensible. In the hearings on March 24, 1958, before the Foreign Relations Com-

mittee, Secretary Dulles made this statement:

Countries sort of feel that to be in the swim, so to speak, they have to have jetplanes, etc. Even countries that have no practical, conceivable use for jetplanes, nevertheless, want to have them. They feel that if they do not have jetplanes they are a third- or fourth-class country. There is a psychology in this matter which we can deplore. We cannot ignore it, unhappily.

I believe Secretary Dulles is being completely honest and forthright. It is most unfortunate that, on the basis of the hearings, we are indeed providing jetplanes to countries because they feel if they do not have them they will be considered a third- or fourth-class power. It seems to me that we cannot justify spending American taxpayers' money on that kind of reasoning.

As has been stressed again and again on the floor of the Senate by friends of foreign aid, we must wake up and realize that the effectiveness of the Soviet foreign-aid program has been the result of their heavy concentration on economic assistance.

The outstanding authority in the Senate on South America, the Senator from Florida [Mr. SMATHERS], made a brilliant speech, only 2 days ago, in which he objected very strenuously and specifically to the kind of military aid we were giving to Latin American countries. He pointed out what a misconception it was. He showed what it takes to provide for a strong South America. He pointed out that this kind of assistance can, if it is overdone, badly distort and overload a nation's economy. It can become an "Operation Rathole." It can be building the strength of the free world on sand. Perhaps more important, it can build up a military clique which does not really have the support of the people of the recipient countries. It can result in the kind of tragic development that occurred in Venezuela. It can result in the kind of assistance we are giving to Cuba and to the Dominican Republic, where we are building up military cliques. It can result in what we are doing in Cuba, giving arms to a dictator, who can destroy the lives of Cuban people who disagree with him.

In my opinion, in view of the fact that the administration was unable to answer the basic question whether the reduction of three-quarters of a billion dollars in military assistance and defense support would have any harmful effects in carrying out our objective last year, what this whole matter boils down to is that it is incumbent upon Congress this year to be very critical in reviewing these requests and that it should be prepared to make a reduction.

Finally, if the Senate should adopt my amendment, it would constitute a clear and clean directive to the Senate conferees to go to conference with the House and agree to the \$339 million reduction, but to concentrate the reduction where it should be concentrated, in military assistance and defense support. We should provide as much as possible in the economic fields, where it is so desperately necessary.

I believe mutual assistance is necessary, and I support it, and support it

warmly, up to a point. I believe that up to a point it can save us money, and up to a point it can be the best defense money we can spend. However, that is only up to a point. As the Senator from Vermont [Mr. FLANDERS] said only a few minutes ago, we may have decades and generations of cold war. For that kind of struggle it is necessary to have long-range economic support, and not the kind of military support which seems to be so out of proportion and which can destroy the ability of our allies to defend themselves in the long run, rather than protect them.

Mr. CLARK. Mr. President, I cannot support the pending amendment. I have no special access to classified information, but it seems to me to be very clear indeed that the major part of the military assistance and defense support which are called for in the bill will go to Taiwan, Turkey, Korea, Vietnam, Pakistan, and Greece. Each of those countries is confronted with the threat of external aggression, either from Communist China, from Soviet Russia, or from a satellite of one or the other. In each instance, the frontier of freedom runs along the boundaries of those states. In each instance, the preservation of freedom in those states is of vital concern to the United States of America.

It is said that a basic question was asked in the hearings before the Committee on Foreign Relations as to whether the cut made last year in military assistance was of any particular detriment to our defense support or to our military assistance, and that no particular affirmative answer could be made to the question.

Still, we live in a changing world. Who can say what will happen this year on the basis of what happened last year? Have we any particular reason to think that the degree of security along the boundaries of those states to which we are giving assistance is any greater today than it was last year? Is it not entirely likely that it is worse?

We have in support of the bill the testimony of executive officers of the United States: The Secretary of Defense, the Secretary of State, and others who support the administration's policy. They have access to facts which, regrettably, are treated as confidential, secret, or top secret. Those facts are not made available to us on the floor of the Senate. They are available to the Committee on Foreign Relations, whose distinguished chairman I now see in the Chamber. I, for one, am prepared to take the judgment—the mature, careful judgment—of that wise statesman, the senior Senator from Rhode Island, and the majority of his colleagues who support him on this matter, rather than to substitute my own, I believe unqualified, judgment for his.

Moreover, the judgment of the chairman of the Committee on Foreign Relations is backed by the plea of the executive officers of the Government who have the responsibility for conducting our military affairs.

For these reasons, I do not feel free to take a chance with the security of the United States by voting to cut 1 cent

from the bill. I shall accordingly vote against the amendment, but with deep regret because of the very warm feeling I have for its sponsor, with whom on practically all occasions I find myself to be in agreement.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE].

Mr. CLARK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the Proxmire amendment.

The yeas and nays were ordered.

Mr. GREEN. Mr. President, I oppose the amendment of the junior Senator from Wisconsin. An identical amendment was considered carefully during the markup of the bill in the Committee on Foreign Relations and was rejected. I know of no new information or circumstances which would justify a reappraisal of the committee's judgment.

The committee gave a great deal of attention to the amounts authorized in this bill. After much discussion, the committee decided to reduce the President's request by \$235 million. The bill specifies that the cut shall be subtracted from the two military items in the bill, namely, military assistance and defense support. The effect, therefore, of this reduction is to decrease somewhat the bill's emphasis on military assistance.

Mr. President, it is one of the principal functions of the committees of the Senate to undertake detailed scrutiny of authorizations for appropriations. As a general principle, the Senate as a whole should go along with committee recommendations of this kind unless there is some clear evidence that the committee's judgment is wrong.

The only evidence submitted by the junior Senator from Wisconsin is that he wants to cut the bill by the same amount as it was cut by the House. Why? Does he wish the Senate simply to rubber-stamp what the House has done? Does he wish to reject the months of work done on this bill by the Committee on Foreign Relations and rely instead upon the decision of the other body?

The only magic in the proposed cut is that it coincides to the last cent with the action of the House of Representatives. The proposed cut of \$339 million is not based on reason.

Mr. President, I hope that the amendment will be rejected.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The question is on agreeing to the amendment lettered "D" of the Senator from Wisconsin [Mr. PROXMIRE]. On this question the yeas and nays have been ordered.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I believe it is fair to say that the proposal now before the Senate was considered in the Senate Foreign Relations Committee, and was rejected by it.

If I read the amendment correctly, it does not propose a cut in the authorizations provided by the bill. Instead, it proposes only a transfer; it would transfer, from one point in the bill to another, the authorization for \$104 million.

Mr. President, the committee already has cut the bill by \$235 million and did so after careful scrutiny and long consideration.

The pending amendment proposes to transfer or reduce by \$104 million the authorizations for military and defense support, and to add \$104 million to the authorization economic aid. The amendment does not propose a cut; it only proposes a transfer.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. PROXMIRE. Will the Senator from Illinois show me where, in the amendment, a transfer to economic support is proposed? It is my understanding—and let me say that the pending amendment is identical to one submitted by the Senator from Arkansas [Mr. FULBRIGHT] in the committee; and the understanding I am stating is on the basis of my conversation with him—that the amendment would reduce the military assistance and defense support authorization by \$339 million below the amount requested by the administration, and that the overall effect of the amendment would be to cut the authorization \$104 million below the amount provided by the committee amendment, and to make a cut of \$339 million below the amount requested by the administration.

But the entire cut proposed by the amendment—would be concentrated in the items for military assistance and defense support.

Mr. DIRKSEN. I think the Senator from Wisconsin is correct. I was reading the language on page 63, where the pending amendment proposes a cut of \$104 million.

Mr. PROXMIRE. That is correct.

Mr. DIRKSEN. Mr. President, that matter was fully considered in the Senate Committee on Foreign Relations.

Mr. PROXMIRE. It was, indeed.

Mr. DIRKSEN. And after such consideration, the amendment was rejected by the committee.

Mr. CURTIS. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. CURTIS. I should like to ask a question in connection with the pending amendment: Would lines 1 and 2 of the amendment cut by \$104 million the amount of the proposed authorization for military assistance?

Mr. DIRKSEN. It would.

Mr. CURTIS. What would be the effect of lines 3 and 4 of the amendment?

Mr. DIRKSEN. They provide for transferability. The Senator from Nebraska will notice the following language beginning at the bottom of page 63:

The President is authorized during the fiscal year 1959 to transfer from funds appropriated pursuant to such section 103 (a) to funds appropriated to such section 131 (b), or vice versa, amounts not to exceed a total of \$235 million.

The second part of the pending amendment would strike from that language the figure "\$235,000,000," and would insert in lieu thereof "\$339,000,000." So that is a transferability provision. But the amendment would reduce by \$104 million the amount for military assistance and defense support.

Mr. CURTIS. Would lines 3 and 4 of the amendment affect the total authorization, either up or down?

Mr. DIRKSEN. Yes, down.

Mr. CURTIS. I thank the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "D" of the Senator from Wisconsin [Mr. PROXMIRE].

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Tennessee [Mr. GORE], the Senator from North Carolina [Mr. JORDAN], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from North Carolina [Mr. JORDAN], the Senator from Oklahoma [Mr. KERR], and the Senator from Louisiana [Mr. LONG] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senators from New York [Mr. IVES] and Mr. JAVITS], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from New Hampshire [Mr. COTTON] is necessarily absent.

If present and voting, the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], and the Senator from Kansas [Mr. SCHOEPP] would each vote "nay."

The result was announced—yeas 31, nays 53, as follows:

YEAS—31

Anderson	Frear	Morse
Bible	Fulbright	Murray
Capehart	Jackson	Proxmire
Carroll	Jenner	Robertson
Case, S. Dak.	Johnston, S. O.	Russell
Chavez	Kefauver	Stennis
Church	Langer	Talmadge
Dworshak	Lausche	Thurmond
Eastland	Magnuson	Yarborough
Ellender	Mansfield	
Ervin	McClellan	

NAYS—53

Aiken	Hayden	Neuberger
Allott	Hennings	Pastore
Beall	Hickenlooper	Payne
Bennett	Hill	Potter
Bricker	Hoblitell	Purtell
Bridges	Holland	Revercomb
Bush	Hruska	Saltonstall
Butler	Humphrey	Smathers
Carlson	Johnson, Tex.	Smith, Maine
Case, N. J.	Kennedy	Smith, N. J.
Clark	Knowland	Sparkman
Cooper	Kuchel	Symington
Curtis	Malone	Thye
Dirksen	Martin, Iowa	Watkins
Douglas	McNamara	Wiley
Flanders	Monroney	Williams
Goldwater	Morton	Young
Green	Mundt	

NOT VOTING—12

Barrett	Ives	Long
Byrd	Javits	Martin, Pa.
Cotton	Jordan	O'Mahoney
Gore	Kerr	Schoeppel

So Mr. PROXMIRE's amendment was rejected.

Mr. MANSFIELD. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 51, line 17, after the word "subsection," it is proposed to insert "such amendment to take effect 1 year after enactment of this act."

Mr. MANSFIELD. Mr. President, the amendment which I offer was originally proposed by me in the committee.

Mr. PASTORE. May we have order, Mr. President?

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order. All Senators desiring to confer please retire to the cloakrooms. All persons not having business on the floor will retire from the floor. The attachés of the Senate will maintain silence.

Mr. MANSFIELD. Mr. President, the amendment would insert on page 51, line 17, after the word "subsection," the words "such amendment to take effect 1 year after enactment of this act."

This change would amend 1 of 2 amendments on the same subject which I sponsored during the markup of the bill. I propose to insert in 1 of those 2 amendments on page 51 the identical language which is a part of the corresponding amendment on page 58, line 10.

These amendments aim at eliminating the present situation in Latin America whereby military personnel in the active United States service receive compensation from foreign governments.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order.

The Senator from Montana may proceed.

Mr. MANSFIELD. To repeat, Mr. President, these amendments aim at eliminating the present situation in Latin America whereby military personnel in the active United States service receive compensation from foreign governments. Some of these people perform mutual-security functions and some of them serve as advisers to foreign governments. Many of them perform both functions. My amendments were therefore in two parts in order to take account of both categories of personnel.

The existing arrangements with the foreign governments are based upon executive agreements with such governments. It will take considerable time to renegotiate these agreements and to obtain new understandings, which I hope will result in a continuation of the principle of sharing the cost of having United States military personnel in these countries, but eliminate the practice of direct payments from foreign governments to United States military personnel.

The need for a year to change from the present system to the new system applies equally to personnel performing mutual-security program functions as it does to personnel performing other duties. The year's grace period was properly inserted in the amendment on page 58, but it was omitted in the amendment on page 27. The purpose of my amendment now is to insert on page 27 the same language as was adopted during the markup on page 58.

If this additional technical change is not made, I fear that some Latin American countries may get the idea that the United States intends to shoulder the burden of all the cost of having our military personnel in Latin America and they will be reluctant to share such cost with us.

Mr. President, in the committee the amendment referred to, as already announced, was unanimously approved in an attempt to bring an end to an embarrassing situation.

It is my hope the amendment will be accepted by the chairman of the committee.

Mr. GREEN. Mr. President, I accept the amendment.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator.

Mr. WILLIAMS. I wonder why the Senator is offering the amendment to carry the principle forward for another year, when certainly the whole committee, as I understand, is against the principle of having foreign governments subsidize the pay of our personnel. Why not stop the practice now?

Mr. MANSFIELD. Speaking for myself, I would approve of such action, but, in view of the fact that there has to be some renegotiation, I think it is only fair and proper to allow the Department of Defense a year's time to make sure the decks are cleared.

Mr. WILLIAMS. I do not see why renegotiation is required to stop a foreign government from making payments to military personnel of the United States Government who are already drawing full pay from the United States Government.

Mr. MANSFIELD. The executive agreements have been in effect since 1926. I would afford the Department of Defense the courtesy of permitting the renegotiation of the executive agreements which are in force and which have to be renegotiated in the interest of bringing an end to this practice, of which I do not approve and which I think is embarrassing to our military personnel.

Mr. WILLIAMS. At the time the agreements were made, in 1926, we were

not subsidizing the operations of other governments. In the bill presently under consideration we are proposing to give to each of the respective foreign governments several million dollars in order to pay the cost of operating military establishments, and we find the same governments making supplementary payments to our own military personnel. If these governments can afford to pay our personnel, they can afford to operate their own military establishments. Why should we make a direct gift to a country on the basis that it cannot pay its own way, and then permit it to pay our personnel? This principle is wrong and dangerous.

Mr. MANSFIELD. Mr. President, the Senator has an argument to be considered. I should like to read to the Senate, if I may, the attitude of the Defense Department on this particular proposal, because the Defense Department is directly involved. They have given me some arguments for turnaround time to renegotiate international agreements.

The Defense Department's arguments are as follows:

1. We accept the proposed amendment to section 527. However, we would prefer that some provision be made so that a reasonable time may be allowed for bringing present practices into line with amended statute. The change could be made overnight only if the United States immediately assumes responsibility for making payments to mission members in lieu of those now received directly from the foreign government. Such action by the Department of Defense would undercut any attempt to persuade the foreign government to make payments to the United States—rather than to the individual officer—which is one of the objectives clearly contemplated by the amendment. It is suggested, therefore, that the amendment be phrased so as to take effect, say, 1 year from date of enactment.

2. Our examination of the problem of implementing this change indicates that the only feasible way to make the change immediately would be by reviving temporarily the MAAGs which were reduced to zero strength in 1955. We understand that the proponents of the amendment do not wish to see the MAAGs revived.

3. Immediate implementation prior to renegotiation of the international agreements could only result in immediate additional cost to the United States because the United States would have to pay certain allowances to the officers performing military assistance duties.

4. Immediate implementation, prior to renegotiation of the international agreements, would in some cases work a hardship on individual mission members who would have to be assigned military assistance duties.

Those are the arguments presented by the Department of Defense. I think they are entitled to our serious consideration. I think the Department is entitled to 1 year of leeway. Personally, I should like to see the practice, which has been in effect since 1926, done away with immediately. However, I, for one, am willing to accord this courtesy to the Department of Defense.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. WILLIAMS. Does not the Senator think the Department could correct the situation just as well in 6 months as in a year? After all, all we are seeking to do is to stop the acceptance on

the part of military personnel of supplementary pay from a foreign government. The military personnel are all drawing full pay from the United States Government. It seems to me that it is an indefensible practice to have Government officials drawing pay from any foreign government. The military personnel are living in the foreign countries. When they undertake to testify before a committee as to the needs of those countries for military aid from the United States Government, for whom are they working? I think it is essential that American personnel be directly on the payroll of the United States. They are United States citizens. Certainly we can afford to pay our own personnel. If we are not paying them enough, I would be in favor of increasing their compensation.

Mr. MANSFIELD. I am in full accord with what the Senator from Delaware has said. He has mentioned a 6 months' period. I am sure that if the Senator would agree to the 1 year extension the committee would do everything in its power to see that the renegotiations were carried on as quickly as possible. It would be hoped that within 6 months or less this situation could be corrected and the difficulty settled. I think it is disgraceful when members of our military missions in Latin America and elsewhere receive from a foreign government payments or other emoluments. I believe the practice should be eliminated, but I think we should be reasonable and accord the Defense Department a certain consideration. The Defense Department recognizes the difficulty, although we had to call it to their attention.

Mr. WILLIAMS. With respect to the other amendment to which the Senator referred, which was accepted in committee, I had an amendment prepared to make that provision effective immediately. However, I realize that the Senator from Montana has given a great deal of study to this question. If the Senator believes that some time would be required to renegotiate agreements, I am willing to go along for 6 months. It seems to me that that would be a reasonable time. One reason I am fearful about going along for a full year is that I have seen a great many similar situations in the past. Next year the Defense Department could ask for a further extension. I believe the Department could make all the necessary arrangements in 6 months. It is not as though we were asking foreign governments to increase their payments. I know enough about human nature to understand that when we say we want to make all the payments to our own personnel, the foreign governments will be quite agreeable. I would go along with a period of 6 months, if the Senator feels that this is necessary because I respect his interest in the problem.

Mr. MANSFIELD. In one of the amendments already in the bill, an extension of a year is allowed. The Senator has mentioned a period of 6 months. I have suggested a period of a year. The other provision in the bill to which I have referred carries a 1-year extension.

Would the Senator consider the possibility of a 9-months extension?

Mr. WILLIAMS. I should like to make it 6 months, so that if the time should expire while Congress was not in session the Department would know what it had to do. If we cannot do any better, I will go along with the suggestion for a 9-month period. However, I think a period of 6 months, or, say, until January 1, would be very reasonable.

Mr. MANSFIELD. The Senator is correct. However, in view of the fact that a certain amount of renegotiation based upon executive agreements will be necessary, if we can agree upon a 9-months period, I will ask unanimous consent to modify my amendment accordingly, and serve notice on the Defense Department that we expect it to correct the situation in less than 9 months.

Mr. WILLIAMS. Would the Senator be willing to go along with some such a date as February 1?

Mr. MANSFIELD. Let us make it 9 months. It is only a matter of a little time. I hope this amendment will speed up action on the part of the Defense Department. We shall keep a sharp watch on the situation, and try to get the Department to renegotiate these agreements as quickly as possible.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I am glad to yield, if I have the floor.

Mr. WILLIAMS. I will yield to the Senator from Mississippi, if I have the floor.

Mr. STENNIS. I wish to commend the Senator from Montana for digging out the facts and presenting the amendment in connection with the pending bill.

We held hearings on the military pay bill for almost a year. This is the first I ever heard of the existence of such a situation as has been described. Frankly, I think it is shocking. If it ever was justified, it seems to me that the justification has long since disappeared. It should have been brought to the attention of the committee which was considering the military pay bill, by the services themselves. Certainly, it was a part of the picture of the common safety.

I commend very highly the Senator from Montana for bringing this question up. I am willing to yield to him on the question of the time element. He has studied the situation, and he has viewed the entire picture and reached a conclusion. I am glad to support him.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JENNER. I should like to know how the Congress can condone such a situation when we know that it is absolutely unconstitutional.

Mr. MANSFIELD. We cannot condone it. It is a result of executive agreement. The situation came to light only this year. We tried to do something about it. We found that the situation was a little more widespread than we had anticipated. Whether or not a foreign government is being sub-

sidized by us is beside the point. The practice in question constitutes a bad precedent.

Mr. JENNER. It is a violation of the Constitution. I read from article I of the Constitution:

No title of nobility shall be granted by the United States: And no person holding any office of profit or trust under them shall, without the consent of the Congress, accept of any present, emolument, office, or title, of any kind whatever, from any king, prince, or foreign state.

How could the executive department enter into executive agreements in violation of the Constitution? That is my first question.

The Senator says the situation has risen by reason of executive agreements. How can we in Congress condone for a moment an unconstitutional act?

Mr. MANSFIELD. As I understand, the executive agreements were made on the basis of an act passed by the Congress.

Mr. JENNER. I thought the Senator said they were executive agreements.

Mr. MANSFIELD. They are executive agreements based upon an act passed by Congress, and consummated in 1926.

Mr. JENNER. It could be done with the consent of Congress.

Mr. MANSFIELD. Would the Senator consider the possibility of agreeing to the amendment if it is limited to 9 months, with a promise that the committee will do its best to speed up the Defense Department, in an effort to have all agreements renegotiated at a date sooner than that?

Mr. WILLIAMS. I would much prefer a time limit of 6 months, but I respect the work the Senator from Montana has done. I do not question his sincerity as a member of the committee. Therefore, I will go along with the period of 9 months, on the basis suggested, because I believe that all of us working on the problem can see to it that the agreement is carried out.

I should like to have it understood that both dates, that is, the dates in both amendments offered in committee and accepted by the committee, should be the same.

Mr. MANSFIELD. That is correct.

Mr. WILLIAMS. With that understanding, I will go along with the suggestion of the Senator from Montana.

I agree with the Senator that the practice is indefensible. It is one which never should have been started, by executive agreement or otherwise, and it should by all means be stopped. I will go along with that modification.

Mr. MANSFIELD. I thank the Senator for his courtesy and consideration.

Mr. President, I ask unanimous consent that the amendment at the desk and the other amendment accepted by the Committee on Foreign Relations, at page 58, line 12, be amended by striking out "one year" and substituting in lieu thereof "nine months."

The PRESIDING OFFICER. The Senator from Montana modifies his amendment accordingly.

The question is on agreeing to the amendment, as modified, offered by the Senator from Montana.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORTON. Mr. President, I call up my amendment 6-3-58-H.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 49, line 6, it is proposed to strike out the word "thirty" and insert the word "sixty." On line 11 after the word, "committee", insert the following: "and of each member or employee thereof."

Mr. MORTON. Mr. President, the amendment would do two things. By changing the word "thirty" to "sixty" it would allow another month in which the reports could be rendered. These are the reports dealing with the use of counterpart funds for travel by members of congressional committees or the staffs of such committees.

I know from my own experience that 60 days is necessary instead of 30 days, for a department to give to the committees of Congress the information which is necessary to file in the reports. If Members of Congress travel abroad and return to this country in late November or December, as many do, it is virtually impossible to have all the accounting from overseas in their hands and through the Treasury Department and the State Department within 30 days after Congress convenes. That is the reason for the 60-day proposal.

Often a man may change his itinerary. He may have an airplane ticket which was bought, let us say, with lira in Rome. He then turns it in at Paris for a ticket which is purchased with counterpart francs. The first ticket must be sent back to Rome for credit. By the time the various accounting procedures are concluded, 60 days have elapsed, or almost that time. If only 30 days are allowed, a man will have to file a tentative report and then make a more accurate report when full information is received as to what he drew, and for what purpose he drew the money. I believe that should be done regardless of the rest of my amendment, in order to provide orderly procedure in the matter.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. CASE of South Dakota. The amendment appeals to me as being a very practical, and as making the very salutary provision to which it relates workable. All of us have felt that the regulation with regard to the use of counterpart funds should be tightened, and the provision in the bill as reported by the committee relating to the subject is a step in the right direction. However, to make the provision workable, 60 days, instead of 30 days, should be provided. That extension is desirable.

Mr. MORTON. I thank the Senator from South Dakota. The second part of the amendment would insert, on line 11, after the word "committee" the following words: "and of each member or employee thereof."

The House adopted what is known as the Dawson amendment in the bill. The Dawson amendment cannot be effective under the accounting procedures used in the Senate. I am so informed by the

committee, which went into the matter very carefully.

I have a further objection to the present language, in that I believe the Dawson amendment will discourage travel by Members of Congress. I for one favor such travel. I believe that in this day and age it is highly desirable for Members of Congress to travel. I do not want to see anything done which will curtail such travel.

We all know that many rumors spread throughout the country with respect to the use of counterpart funds. If anyone believes their use to be a secret, he is sadly mistaken. Every employee in the Department of State knows what is going on. Rumors are started, and they become progressively worse as they are repeated. There have been a few examples of the misuse of counterpart funds and abuse of them by employees of Congress. However, all we need, as I said the other day when I submitted the amendment, is disclosure. We had before us a bill which dealt with this question. It was the bill relating to union pension and welfare funds. It was very forcefully argued at that time that no regulation was necessary; that all that was necessary was disclosure.

Certainly that is all that is necessary in this case. The committee language does not require much more than is done under the present practice. It requires that the chairman of a committee shall report as a lump sum what was spent by members and employees or staff members of the committee. We know that Representative BURLESON, the chairman of the House Administration Committee, made his report the other day, and we also know that the eminent chairman of our Committee on Appropriations from time to time has reported committee expenses en bloc, as submitted by the committees. What I seek to do is to have the reports broken down by individuals and to have the information made public by being published in the CONGRESSIONAL RECORD. I believe the expenses should be broken down, first as to transportation, and, second, all other expenses. Under the terms of the bill as reported by the committee, each committee prescribes its own regulations as to how detailed the report of expenses shall be. I believe they should be broken down into the categories of transportation and all other expenses. Some members may travel as individuals or in groups of 1 or 2, and may use commercial transportation entirely. Other groups may travel on a plane furnished by the Defense Department, or by some other form of Government transportation. Some unfair comparisons could be made under such circumstances. I therefore believe the cost should be sufficiently broken down as to transportation and as to other expenses. However, the important thing is that there be disclosure as to individuals.

The present situation reflects on every one of us. Rumors are started. When I was in the State Department I had the members of the press on my neck every day. When I came to the Senate about 4 years ago, I persuaded the committee chairmen involved to publish the figures

for the whole Congress. The amount turned out to be approximately \$420,000. Some people had thought it was probably \$15 or \$20 million. As soon as the \$420,000 figure was published, the whole story died. All of us were under a cloud. We are still under a cloud. None of us are unwilling to file our expense accounts. Those who work in the executive department or in private industry or who practice law must furnish expense accounts for income-tax purposes or for other purposes.

If we adopt the amendment it will clear up this whole question, and will not discourage what I consider to be very important, namely congressional travel.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. ALLOTT. I wish to compliment the Senator from Kentucky on his amendment. It seems to me that it is an amendment which has been needed for a long time. No one can travel for Congress in a foreign country without being aware that tongues are wagging in every embassy about the so-called abuse of counterpart funds. We have contributed to that situation by the way we have handled such funds. I am sure that when the facts become known, the figures are disclosed, and it becomes known how the counterpart funds are used, it will remove the cloud of which the Senator speaks. I certainly intend to support the amendment of the Senator from Kentucky.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. BUSH. I wish to join my colleague from Colorado in commending the Senator for bringing up his amendment. It is a matter which should have been taken care of a long time ago. No Member of the Senate who has traveled abroad could fail to be impressed with the looseness of the control that is exercised over the funds which are called counterpart funds and which are put at the disposal of traveling Members of Congress when they arrive in foreign countries. There seems to be some feeling that it is not real money and therefore should not be handled like real money. Actually it is real money. If we did not have those funds, we would have to spend dollars. The funds should be accounted for, since they are the property of the United States and are under the control of the United States, just as the expenditure of dollars should be. So I heartily endorse the amendment.

Mr. GREEN. Mr. President, I ask that there be order in the Chamber, and that Senators raise their voices, so that we on this side of the aisle may hear them.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BUSH. Mr. President, what was the Senator from Rhode Island asked?

The PRESIDING OFFICER. The Senator from Rhode Island asked for order in the Chamber, and also that the Senators who are speaking raise their voices.

Mr. BUSH. This is the first time I have been asked to raise my voice, but I appreciate the invitation.

In connection with travel within our country on business of the Government, it has been frequently the practice to provide a per-diem allowance for living in addition to the travel expense. I wondered whether the Senator, in thinking of the problem, had considered that as a possibility, and if so, why he had rejected it.

Mr. MORTON. The bill I propose to amend contains a section which provides that each committee shall prescribe its own rules and regulations. I leave the question of remuneration to the committees. All I am seeking to do is to have publication of the expenses by the individuals. How much is spent is not my concern. That is not what I am trying to ascertain at all. I think that is perhaps a part of overall policy, and could not very well be covered by an amendment to the mutual-security bill.

Mr. BUSH. I wondered whether the Senator had thought about that as being a solution to the problem, and was simplifying the efforts of the committees to make satisfactory reports of expenses.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. GREEN. I accept the amendment.

The PRESIDING OFFICER. Although the Senator from Rhode Island has accepted the amendment, it will still have to be agreed to by the Senate.

Mr. WATKINS. Mr. President, I commend the Senator from Kentucky for offering the amendment, and the chairman of the committee for accepting it.

As one who has traveled in Europe only once, I was very happy to render to the State Department and to my committee a full statement of all the money I had expended. I would have had no objection at that time to the publication of the report, if that had been the rule.

I feel that there have been times when some persons who have traveled have not, probably, acted as they should have acted with the funds allotted. That has cast a cloud on all Members of Congress who travel abroad.

I associate myself with the remarks of the Senator from Kentucky with respect to itemizing and reporting the individual expenditures of the various Members of Congress.

I also commend my colleague, Representative Dawson, of the Second District of Utah, for his persistence in presenting a similar amendment. It originated in the House, and I am glad it was finally adopted by the House and is now, apparently, to be agreed to by the Senate as a part of the mutual-security bill.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. POTTER. I join with the Senator from Utah in commending the Senator from Kentucky for offering the amendment. We in Congress have made long speeches about secrecy in Government. We have criticized the executive branch—and rightly so—concerning their exces-

sive secrecy and classification of records, when such secrecy and classification are not necessary.

But for many years we have followed the practice of hiding accounts of our use of counterpart funds. I think the amendment offered by the Senator from Kentucky is certainly one which is long overdue. It will throw light on what has long been hidden, and will let the press and the public know how these funds are being used.

The present practice has been in effect since I have been in Congress, but an amendment such as that offered by the Senator from Kentucky has never been presented heretofore. I think the amendment will remove a cloud which might darken the integrity and reputation of every Member of Congress. I do not believe there has been a great misuse of the funds, but merely because of secrecy concerning the use of the funds, many rumors have developed which probably are untrue. If there is nothing to hide, let us open up the accounts for everyone to see.

The junior Senator from Kentucky has performed a real service in offering the amendment.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. SALTONSTALL. I think the Committee on Foreign Relations and the Senator from Kentucky are to be commended. The Senator from Kentucky has simplified and improved the amendment recommended by the Committee on Foreign Relations. As one who has traveled in Europe and used counterpart funds and has worried about his accounts, I think the amendment provides a desirable addition to the method of handling such funds, whether we travel as committees or as individuals.

Mr. WATKINS. When I traveled, I was not aware at the time that the reports would not be made public. I had expected that my expenditures would be considered in the same way as any other expenditure which was made in the interest of the United States when we traveled for a committee. But I found later, very much to my surprise, that that was not the case.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. WILLIAMS. I joint with my colleagues in complimenting the Senator from Kentucky for offering the amendment, and the committee for accepting it. I think it is a long-overdue correction of a condition which should have been changed, as the Senator from Michigan said, years ago.

The publication of these expenditures will remove the cloud of suspicion surrounding these expenditures by giving the public the right to examine the accounts.

Congressional travel can be justified, and I am sure that committees and individual Members of Congress who make bona fide trips will have no objection to the publication of their accounts.

I support the amendment, and hope it will be maintained in conference.

The PRESIDING OFFICER. Without objection, the two amendments will be considered en bloc.

Without objection, the two amendments considered en bloc are agreed to.

The bill is open to further amendment.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I shall offer my remaining amendments together and ask that they be considered en bloc. I have made a slight modification in each amendment as it is printed. I ask unanimous consent that my four amendments, as modified, designated 5-26-58-L, 6-2-58-C, 6-2-58-E, and 6-2-58-A, be considered en bloc, that they not be read, but that they be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the amendments, as modified, will be considered en bloc; and, without objection, the amendments will be printed in the RECORD.

The amendments, as modified, proposed by Mr. PROXMIRE are as follows:

On page 35, line 3, immediately after "SEC. 5." insert "(a)."

On page 35, between lines 12 and 13, insert the following new subsection:

"(b) Section 143 of the Mutual Security Act of 1954, as amended, which relates to assistance to Yugoslavia, is amended to read as follows:

"SEC. 143. Prohibition against assistance to Yugoslavia: Notwithstanding any other provision of law, no military assistance or defense support under this title or any other title of this act shall be furnished to Yugoslavia, after the expiration of 90 days following the date of the enactment of the Mutual Security Act of 1958."

On page 35, line 3, immediately after "SEC. 5." insert "(a)."

On page 35, between lines 12 and 13, insert the following new subsection:

"(b) Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is amended by adding at the end thereof the following new section:

"SEC. 145. Prohibition against aid to Cuba: Notwithstanding any other provision of law, no military assistance or defense support under this title or any other title of this act shall be furnished to Cuba after the expiration of 90 days following the date of the enactment of the Mutual Security Act of 1958."

On page 35, line 3, immediately after "SEC. 5." insert "(a)."

On page 35, between lines 12 and 13, insert the following new subsection:

"(b) Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is amended by adding at the end thereof the following new section:

"SEC. 145. Prohibition against aid to the Dominican Republic: Notwithstanding any other provision of law, no military assistance or defense support under this title or any other title of this act shall be furnished to the Dominican Republic after the ex-

piration of 90 days following the date of the enactment of the Mutual Security Act of 1958."

On page 35, line 3, immediately after "SEC. 5." insert "(a)."

On page 35, between lines 12 and 13, insert the following new subsection:

"(b) Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is amended by adding at the end thereof the following new section:

"SEC. 145. Prohibition against aid to Saudi Arabia: Notwithstanding any other provision of law, no military assistance or defense support under this title or any other title of this act shall be furnished to Saudi Arabia after the expiration of 90 days following the date of the enactment of the Mutual Security Act of 1958."

Mr. PROXMIRE. Mr. President, the amendments, as modified, prohibit military assistance or defense support to Yugoslavia, Cuba, the Dominican Republic, and Saudi Arabia. The reason I have offered the amendments can best be stated in two short paragraphs of a speech delivered only last Saturday night by a man for whom I have the greatest admiration, the majority leader of the Senate, Senator LYNDON JOHNSON, of Texas.

This is what the Senator from Texas said:

We have placed reliance upon dollars alone to buy what cannot be bought. Aid to other nations has never bought for us what we once got free by the exercise of inspiration and leadership. Without such inspiration and leadership, aid itself becomes a cynical and corroding gesture, which diminishes the self-respect of both the giver and the receiver.

Then the Senator from Texas said:

We have preached freedom but patted the foes of freedom on the back. We have accorded our friendship to leaders of other governments who stood in those lands for what we oppose at home. We have trafficked in expediency and sold ourselves down the river for doing so.

Mr. President, I believe those words are supported enthusiastically by a majority of the American people.

I am not one of those who say that we would lose nothing by giving up aid to Tito or to the Dominican Republic or to Cuba or to Saudi Arabia. I recognize that possibly certain military advantages—although I believe they are limited—are to be obtained by giving military assistance to these countries. But in comparison with the enormous loss of moral prestige for our country, and when we consider the fact that this is expediency in its rawest form, I believe that my duty to the people of Wisconsin and my position as a Senator require me to oppose assistance of this kind.

I should like to state briefly that in the case of aid to each of these countries, I have developed 4 criteria which I believe are very generous; all I ask is that any of these countries qualify for aid on the basis of the following 4 criteria which I am proposing:

First, does aid to any of them really bulwark the free world substantially?

Second, does aid to any of them encourage individual freedom?

Third, does aid to any of them really, in the long run, promote peace?

Fourth, in the case of aid to any of these countries, can it be said that it does not entrench tyranny?

Mr. President, briefly, let me say that in the case of Yugoslavia, I think even an American who is most friendly to that country must admit that Yugoslavia is a monolithic Communist dictatorship; and in that connection, I stress the word "monolithic," because I think there is a distinction between the dictatorship in Yugoslavia and the dictatorship in Poland. It is true that Poland is a communistic dictatorship; but in Poland there is a breath of freedom, because in Poland there is a very important power which has strength and has made it possible to encourage and preserve—to a limited extent, it is true—individual freedoms. Of course, I am talking about the great Catholic Church. The spokesmen of the Catholic Church, which is a foe of communism—and is a foe to the death, I am sure—have seemed to indicate that they favor the giving of assistance to Poland; and I go along with them, because I think their judgment and their position to judge are excellent.

It has been argued that the United States should give aid to Tito because he may become an important, significant enemy of Soviet Russia, and that he can become an ally of the free world.

Mr. President, despite the fact that when our Secretary of State testified on this bill before the Foreign Relations Committee, he stated that recently the representative of Yugoslavia has often voted with the representative of our country in the United Nations, I believe that if we consider the whole sweep of the record of Yugoslavia in the United Nations, we find that it has not been very often that Yugoslavia has supported the United States on the very important measures there. The last truly important, or the most important one in recent months and years, was that in regard to the Hungarian revolution. At first, Tito was hesitant in that connection; but soon after the Soviet intervention, Tito condemned the revolution as being reactionary and anti-Communist. It is true that at first Yugoslavia abstained from voting when, in the United Nations, the vote was taken on the Western resolution which condemned the Soviet intervention in Hungary. But when the final vote was taken on the report which laid bare to the world the Soviet brutality and oppression, the Yugoslav representative in the United Nations voted against acceptance of the report; and he was the only representative, other than those of the countries in the Soviet bloc, to do so.

Mr. President, I do not think any Member of the Senate will disagree when I say that not only is Tito a dictator, but he also is one who, unlike Gomulka, of Poland, brooks absolutely no opposition, has secret police, and has his political enemies imprisoned. There is no question that Tito is a suppressor of freedom.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield to me?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. PROXMIRE. I yield for a question.

Mr. CLARK. Mr. President, I have great sympathy, on ideological grounds, with the amendment submitted by the Senator from Wisconsin. I assume—and I state this in the form of a question—that the Senator from Wisconsin knows that the inevitable effect of the adoption of his amendment would be the giving up of the existing American bases in Saudi Arabia, Cuba, the Dominican Republic, and perhaps elsewhere. I wonder whether the Senator from Wisconsin is prepared to tell the Senate that he is willing to pay that price.

Mr. PROXMIRE. Mr. President, I think the Senator from Pennsylvania is entirely correct. As I understand, we have missile bases in the Dominican Republic; and we have a naval base at Guantanamo Bay, Cuba; and undoubtedly we have an airbase, as I understand, in Saudi Arabia; and we also have oil advantages there.

Mr. President, it seems to me that the price of principle has to be paid; and I say it is a price. Indeed, it is; I recognize that. But I believe it is time that we agreed to pay that kind of price.

Mr. President, if the words used by our distinguished majority leader, namely, "We have preached freedom, but patted the foes of freedom on the back," mean anything, then it seems to me that those excellent words mean that we should be willing, when there is a price to pay, to pay it. Obviously, if there were no price to pay, no conviction would be required to give up such assistance.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield further to me?

Mr. PROXMIRE. I yield.

Mr. CLARK. Mr. President, I honor the Senator from Wisconsin for his high principle. I regret that, being somewhat of a pragmatist, I am not willing to take the same chances with the security of America that he is willing to take. I respect him for his position, but I regret that I shall not be able to support his amendment.

Mr. PROXMIRE. Mr. President, I do not wish my position to be misunderstood. I, too, recognize that we must be expedient under some circumstances. For example, there is no doubt that, in Spain, Franco suppresses freedom, and that he, too, has his political enemies imprisoned. However, in view of the position which Spain occupies behind the Pyrenees Mountains, and with Gibraltar commanding the Mediterranean, it seems to me we almost have to go along with aid to Spain.

But I do not believe that a military argument of the kind which can be made for aid to Spain can also be made in behalf of the missile base in the Dominican Republic or the advantage we obtain by maintaining an assistance and defense program in Cuba.

Mr. CLARK. Mr. President, the Senator from Wisconsin may be correct with respect to aid to Cuba. However, I be-

lieve it would be rather dangerous for us to give up the military bases in Saudi Arabia.

Although I have as much distaste for Tito as my friend, the Senator from Wisconsin, has, I am not willing to say that the United States should not make it possible for Tito to defend himself in the event he were attacked by Russia. I am sorry that I cannot agree with my friend, the Senator from Wisconsin.

Mr. CHAVEZ. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield to my friend.

Mr. CHAVEZ. Mr. President, I am willing to agree with my friend, the Senator from Wisconsin, that principle should be the controlling basis in connection with the enactment of legislation in regard to the making of international determinations by our country.

Let me say that, as I understand, the purpose of our military aid is to make it possible for our country to give aid to these countries when they are in trouble or to make it possible for them to aid us when we are in trouble.

Let me ask how much aid the distinguished Senator from Wisconsin thinks Cuba could give to the United States if the United States were in trouble.

Mr. PROXMIRE. I agree that Cuba could give us very little aid if we were in trouble; and I also agree that much of the assistance we give to Cuba is being used—I say this on the basis of testimony which has not been successfully challenged—to kill Cubans.

Mr. CHAVEZ. Very well.

Then I should like to ask the same question with respect to what I shall refer to as Santo Domingo, although others refer to it as the Dominican Republic. In case the United States were in serious trouble, how much aid could our country obtain from Santo Domingo?

Mr. PROXMIRE. I believe the answer is "None."

Mr. CHAVEZ. How much aid would we get from Saudi Arabia?

Mr. PROXMIRE. I think virtually none.

Mr. CHAVEZ. How much aid would we get from Mr. Tito?

Mr. PROXMIRE. Absolutely none.

Mr. CHAVEZ. That being the case, why should not principle prevail in making a determination as to what manner of people we would like to help—those who would take care of citizens worldwide, or those who would take care of only a few within the country, whether that country be Santo Domingo, Cuba, Saudi Arabia, or Tito's country?

Mr. PROXMIRE. I agree with the Senator. I deeply appreciate his contribution in emphasizing that we cannot expect any quid pro quo, in any substantial amount, in any of these cases.

Mr. CHAVEZ. We sermonize to the world that we are for the free people, that we are against dictators. Nevertheless, when the people rise in their might and chase a dictator out of their country, as they did in Colombia, who gives them asylum? The sermonizer gives the dictator asylum. I do not think that is right.

Mr. PROXMIRE. I thank the Senator.

I have one concluding point to make with respect to aid to Yugoslavia. The fact is that I am simply against giving military assistance and defense support to Yugoslavia.

Only 5 months ago Tito told Ambassador Riddleberger that he did not want American military defense support—after we had sent him more than \$1 billion of military equipment between 1950 and 1956.

On December 6, 1957, Tito informed James W. Riddleberger, American Ambassador to Yugoslavia, that he wanted no more American military aid. I think that the reason he gave is very significant. According to the New York Times account:

Marshal Tito was said to have replied (to Ambassador Riddleberger) that if the program were a constant nuisance to the State Department before Congress, the administration's reappraisals and public justifications for the program also were a constant irritant to his relations with the Soviet bloc.

That statement is significant for two reasons. First, it shows Tito's impatience with the processes of a democratic society, which are necessarily open and subject to review. Second, it shows his concern about his relations with the Soviet bloc, which I submit were more important to him than a billion dollars' worth of military aid or the opinion of the freedom bloc in the world.

When Tito told the Ambassador in December that he did not want our aid, why should not Congress write into the Mutual Security Act a prohibition against military assistance to Tito?

In the case of Cuba, I think the stirring words of the majority leader are extremely apropos. Again, I think Cuba does not qualify on any of the grounds which have been advanced.

I should like to read, as quickly as I can, a quotation from members of the Cuban Congress, including the former president of the House of Representatives, Dr. Lincoln Rodon, and 15 or 20 Congressmen. The statement is contained in the hearings. The administration had an opportunity to reply to it. While the administration maintained it had been acting within the law, it did not dispute this statement on the basis of any fact. I should like to point this out, in connection with Batista:

On March 10, 1952, 82 days before the scheduled presidential elections in which he himself was a candidate supported by a small minority, Fulgencio Batista led a military coup, making himself chief of state in charge of organizing and directing the executive and legislative branches of government and assuming all their functions. Following the coup, Batista suspended the constitution, prevented Congress from meeting, actually shooting the capital building when Congress tried to meet, prevailed over the courts, reorganized the army, navy, and police forces, dissolved the political parties, and canceled the presidential elections scheduled for June 1, 1952.

Two and a half years after the coup, on November 1, 1954, Batista held rigged elections in which he was elected president. The elections were not only rigged but unilateral, Batista being the only candidate.

All the opposition parties but one abstained, and the one that did not abstain

withdrew a few days before the election, owing to the violence and fraud used against it. Even members of the parties supporting Batista admitted publicly that there had been frauds and violence in the November 1954 elections.

Batista continues in power and his regime continues to have the same dictatorial nature that it has had from its inception. The Constitution was nominally reestablished after the 1954 elections, but its basic rights are continually being suspended and martial law declared. Furthermore, with or without martial law, Batista has violated all political freedoms and human rights, imprisoning, torturing, and assassinating his political enemies with utter ignorance of the courts.

I should like to add certain established facts, which have not been questioned. I am reading from a memorandum to the Members of the United States Congress from the Cuban Congressman in exile.

There is at present a widespread belief in Cuba that the United States is supporting Batista's ruthless dictatorship in contradiction to the repeatedly declared American policy in favor of world freedom and democracy. This belief is buttressing Batista's dictatorship, prolonging the terrible civil war now ravaging the country and seriously impairing the prestige and good will of the United States in Cuba.

The generalized Cuban belief in the United States support to Batista is based on the following facts:

(a) The great zeal in the application of the Neutrality Act against anti-Batista exiles and the unnecessarily rude treatment applied to them as shown by the recent (February 14, 1958) handcuffing of Dr. Carlos Prio Socarras, former constitutional president of Cuba deposed by Batista;

(b) The public demonstrations of friendship from the United States Army to the Cuban Army, as shown by the bestowal of one of the highest United States military decorations to the Chief of the Cuban Air Force (November 1957) shortly after Colonel (now General) Tabernilla had ordered and led the bombardment and strafing of the open city of Cienfuegos (September 1957) and the widely publicized praise lavished upon Batista by General Shepherd, Chairman of the Inter-American Defense Board (December 1957).

(c) The continuous shipments of arms to Batista—

That is what this bill is all about—

supplied freely or almost freely under the mutual defense assistance agreement of March 7, 1952, in spite of the openly known fact that Batista was using these arms to crush, and not defend, democracy in the Western Hemisphere, contradicting the purpose of the agreement and of the United States acts which authorized it and which supply the funds with which these shipments are financed; and—

The latter point was disputed, and I think properly so, by the administration. The administration said it was within the law. I think it was within the law. The administration did not dispute, however, the fact that the arms were sent.

Finally, from the same memorandum, I read:

(d) The maintenance of a United States Army mission in Cuba that is giving the Cuban Army technical advice on the strategy and tactics of the current warfare against the Cuban people, in spite of the fact that article 5 of the Army mission agreement of August 28, 1951, clearly stipulates that the agreement "will be subject to cancellation at the initiative of Government of the United States or of the Government of Cuba, at any time, when any 1 of the 2 Governments

finds itself involved in internal or external hostilities.

It is true, as the distinguished Senator from Pennsylvania has pointed out, that there is located in Cuba our naval base at Guantanamo Bay. It seems to me, more important than that naval base—and it may be of some significance—is the fact that we are yielding to expediency—the rawest kind of expediency—in providing military assistance to Batista so he can use the military assistance to crush the Cuban rebellion.

The American people were shocked and disheartened and sickened when the Vice President was treated so rudely in Venezuela. Why? For exactly the same reasons that a few years from now, when Batista is deposed and the top representative of the Government goes to Cuba, he is going to get the same kind of greeting from the Cubans, because the people of Cuba, like the people of Venezuela, recognize we are helping a dictator who is opposing their freedom.

I turn, as briefly as I can—and this will be very brief—to the Dominican Republic.

I think every Member of this body is familiar with the fact that the son of the dictator, Trujillo, has had a notorious visit in this country during which he has squandered money on beautiful Hollywood ladies. He has squandered an amount of money about equal to that we are spending in the Dominican Republic. I think in all fairness it should be said it is not the same money. The money we are contributing to the Dominican Republic is money we are using to build up our own forces there, by and large. There is no possible way that money can be transferred to the pocket of the dictator's son.

Nevertheless, that is an excellent demonstration of the enormous dictatorial power possessed by Trujillo whose people, in the main, are very poor. Their education is deficient. They need to improve their standard of living very greatly. The dictator of the Dominican Republic has a son in America squandering the funds which the Republic happens to have.

We have there a long-range missile proving ground. That is of some value; there can be no question about that. We cannot get something for nothing. If we refuse to give military assistance to the Dominican Republic, we may compromise the long-range missile proving ground. I happen to think that would be well worth while. I believe our position in the world would be very greatly strengthened by this approach and we would be strengthened much more than could be measured by any sacrifice we would make.

I should like to point out that the outstanding expert in the United States Senate on South American affairs, the Senator from Florida [Mr. SMATHERS], who is very familiar with the problem, has repeatedly stated we are greatly overemphasizing military assistance to South America. The Senator from Florida has pointed out eloquently that one of the great evils in this procedure is that we strengthen the position of military cliques.

Mr. President, I turn to my last, most unfortunate example, and that is Saudi Arabia. I quote from a splendid speech made February 25, of last year, by the distinguished Senator from Georgia [Mr. TALMADGE]. The words of the Senator from Georgia are as true now as they were then, when the Senator stated:

To take Saudi Arabia * * * during 1955 that nation received from the Arabian-American Oil Co. a total of \$280 million in royalties. It was disbursed by the Saudi Arabian Monetary Agency and Finance Minister appointed by and responsible solely to King Ibn Saud.

Of that income, \$36 million was spent on defense, \$24 million to buy the loyalty of savage Arabian tribesmen—apparently a sort of intramural "foreign aid" program patterned after the American example—and \$10.7 million for health education and social services. While the percentage of illiteracy in Arabia is 99.5 percent, King Saud and his handpicked governing officials have seen fit to establish only 2 high schools and 10 elementary schools.

The remainder of this fabulous Arabian income went into the royal bank account and to pay for the upkeep of King Saud's personal establishment of 10,000 wives, concubines, slaves, royal retainers, and bodyguards, and his personal fleet of 250 air-conditioned Cadillacs, some of which are gold plated.

The King's approximately 4½ million subjects—the exact number being unknown since no formal census of them ever has been taken—eked out a minimum existence on a per capita income of \$42 for the same 12-month period.

With a little simple arithmetic, it can be shown from these statistics that with a single grant King Saud could have doubled the per capita income of his people, paid for the defense, tribal loyalty, and health, education, and welfare budgetary items, and still have had \$20 million for his personal pleasure.

Mr. President, only 2 days ago the New York Times carried an article on the new Saudi Arabia. I am sure many Members of the Senate read the article. The headline was, "Saudi Rule Seen In Drastic Shift."

If Senators read the story, which had a subhead, "Constitutional Monarchy Is Forecast in Anticorruption Move To Preserve Economy," they found there was very little substance to the statement that there was going to be a constitutional monarchy. There is not one word in the article to indicate that the people of Saudi Arabia are going to have personal freedom, political freedom, or economic freedom. There is no indication that there is going to be religious freedom, or that there will be an abolition of slavery, which prevails in that country.

Mr. President, Saudi Arabia has one of the most ruthless dictatorships on the face of the earth. It is a weak government. That kind of government is bound to be weak, when the overwhelming majority of the people are poor, sick, and illiterate. That kind of government simply is not going to last.

It is true that we have an airbase in Saudi Arabia, but it seems to me we can greatly strengthen our military position in that area of the world, by emphasizing aid to other countries such as Turkey, Greece, and nations which are stronger and which provide at least a modicum of personal freedom, and in

the cases of Turkey and Greece certainly a substantial amount. We should aid countries which believe in the same principles we approve and which will be strong allies.

Mr. President, I close by referring to the stirring words with which I opened, of the great man who is the majority leader of the Senate, when he said, Saturday night:

We have preached freedom but patted the foes of freedom on the back. We have accorded our friendship to leaders of other governments who stood in those lands for what we oppose at home. We have trafficked in expediency and sold ourselves down the river for doing so.

Mr. President, I suggest that it is time the Senate of the United States act on the basis of principle rather than expediency. That is why I offer these amendments en bloc, and I hope they will be adopted.

Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, if I searched in my imagination for a title for this sheaf of amendments, with the utmost deference to my distinguished friend from Wisconsin, I would style them, "How to lose friends and be unable to influence people."

To me it is an amazing technique that anyone should propose to recite in the organic law of United States that a given country named specifically should have no aid from the United States under this program 90 days after the bill becomes law.

One should never, never "finger" an individual or "finger" a country without expecting to develop hostility and a feeling on the part of the people of that country, under this kind of proposal, that what we are actually trying to do is to dominate them, to put pressure upon them, and to modify their form of government into the kind of image we would like. It would be the best weapon we could give to a country like Russia, in my considered judgment.

It should be pointed out in the first instance that the aid these countries have received has not been large. That certainly is true with respect to Cuba, insofar as I can tell. The report which came from the Committee on Foreign Relations, which showed a breakdown of the countries, indicated a modest amount of military aid for Cuba. Under the economic heading there was only technical assistance, with no cooperative aid, no loan, and nothing under Public Law 480.

The situation with respect to the Dominican Republic is about the same.

With respect to Saudi Arabia, we do make some military aid available for training and for technical assistance, but there is no loan and nothing provided under Public Law 480 that I could find.

Mr. President, we ought to be a little practical. We ought to consider carefully what is proposed. Suppose such a provision became law on the 1st of July. Ninety days later would be the 1st of October. Suppose a controversy arose which would require the furnishing of arms to Saudi Arabia for defense against some neighbor or some invading force. Then what would happen? We

would complicate the defense picture of a country with whom we are trying to develop the best of good grace and friendship. We would leave that country high and dry, unless there were some other provision in law under which action could be taken. We could not do a thing without violating the law, unless the President undertook, in his capacity as Commander in Chief, to do something.

I say such a proposal is ill-advised. It is shortsighted. Along with everything else, the proposal will be an affront to people with whom we have some relationship.

If anybody wanted to know what our interest is in this area, he should have sat through the long hearings of the Committee on the Judiciary with respect to the petroleum interests of the American companies, in which the American Navy has a terrific stake. He should have been there to learn what our investments are. He should have gone through some of the difficulties involved in renegotiating a contract for the air facilities in Saudi Arabia. It took quite some doing to consummate that agreement. The suggestion that we write a certain provision into the solemn law of our country would affront the people and the leaders of other countries. Instead of aiding the survival and the security of the United States and expanding her influence abroad, it would in some areas, perhaps, be a death blow.

I hold no brief for Trujillo, and I do not condone any of the peccadillos in which members of his family may be engaged. However, I know that the Dominican Republic is a part of the Organization of American States. I know that Cuba is a part of the Organization of American States. After the rather lamentable adventure there of our very distinguished Vice President, we hope, of course, that we can cure this malady of the spirit and set it right again. This is not the way to do it. We do not make a Christian by hitting him over the head with a baseball bat. That is the type of approach which is involved in these amendments.

I do not believe it is necessary to say anything further to show how completely ill advised this kind of approach is. If we wanted to do so, and if it were a commendable objective, the thing to do would be to delegate to the President of the United States authority to withhold aid in certain cases, and then recite the reasons and the foundation for withholding aid. We have done that on other occasions. That course certainly would not affront the people of other nations. The question could be carefully surveyed. But the proposal before us involves locking the door, no matter what the circumstances might be. The language is explicit. Ninety days after the bill became a law there would be no aid. In my judgment that is a terrible approach, indeed.

I trust that these amendments will be voted down; and I am confident that they will be.

Mr. GREEN. Mr. President, I rise in opposition to all four of the amendments which have been submitted by the junior

Senator from Wisconsin to eliminate further assistance of any kind to Yugoslavia, Cuba, and Dominican Republic, and Saudi Arabia. I shall address my remarks to all of these amendments because the points which I wish to make apply equally to each of them.

In my opinion, these amendments are based on two misconceptions; first, that the furnishing of aid to a foreign country by the United States means that the United States approves of the government in power in that country. The second misconception appears to be that if we now suddenly cut off aid to certain countries, such action will bring about desirable changes in the governments of such countries.

I think it ought to be clear by now that the furnishing of aid to a country does not mean that our Government approves of its government. We might agree that we would prefer other forms of government in the four countries which he has mentioned. I would point out, however, that there are other countries in the world to which we are giving aid which have governments equally objectionable. We do not give aid because we like the governments concerned. We give aid because we believe that we will relieve distress and misery, and also make friends for our country.

Furthermore I do not believe that the amendments offered would accomplish their purpose. Cutting off all aid to Yugoslavia, Cuba, the Dominican Republic, and Saudi Arabia will probably not change the internal situation in such countries. The fact is that in none of these countries does the proposed assistance for fiscal year 1959 amount to as much as 1 percent of the gross national product of such countries. United States assistance to Cuba, the Dominican Republic, and Saudi Arabia has always been small. Our aid to Yugoslavia used to be large but is quite small now. I doubt very much that cutting off aid to any of these countries will make any substantial change in the political situation within the country.

Although they might do just the opposite, the Senator's amendments would not accomplish their purpose. They might well do great harm in misunderstanding of United States objectives, not only in these four countries but in other countries as well. Amendments of this kind play right into Communist hands. Communist parties everywhere allege that United States assistance has political strings attached to it. Communist agitators urge foreign countries not to count on United States aid for fear it may be jerked away at some untimely moment. Communist agitators assert that acceptance of United States aid means the mortgaging of a country's independence. They charge us with interference in the domestic affairs of the countries which take our aid. The proposed amendments would, unfortunately, tend to give some substance to these Communist charges.

If we should suddenly cut off aid to Saudi Arabia, such an action would be misunderstood by many of our friends and would be misrepresented by the Communists and by other anti-American

groups throughout the Middle East. Our enemies would say that United States aid is only given in order to dominate the internal affairs of other countries.

If the amendments to cut off all aid to Cuba and the Dominican Republic should be successful, I would fear a hostile reaction in these and other countries in Latin America because they all are opposed to interference in their domestic political affairs by an outside country.

Mr. President, I say to the junior Senator from Wisconsin that while I share his desire to see more democratic forms of government in the four countries which he has mentioned, I am convinced this is an unwise way to try to accomplish it. So I hope that all four of these amendments will be defeated.

The PRESIDING OFFICER. The question is on agreeing en bloc to the several amendments offered by the junior Senator from Wisconsin [Mr. PROXMIER].

The amendments were rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MANSFIELD. I suggest the absence of a quorum.

Mr. DOUGLAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield for that purpose?

Mr. MANSFIELD. Mr. President, I withhold the suggestion of the absence of a quorum.

Mr. DOUGLAS. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. DOUGLAS. I wish to have it recorded that I favor the amendment of the Senator from Wisconsin.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Delaware yield for that purpose?

Mr. WILLIAMS. I yield.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, on behalf of myself and the Senator from Wisconsin [Mr. PROXMIER] I call up my amendment "6-4-58—O."

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. At the appropriate place it is proposed to insert a new subsection as follows:

PROHIBITION AGAINST ASSISTANCE TO THE DOMINICAN REPUBLIC.—Notwithstanding any other provision of law, no assistance under this title or any other title of this act shall be furnished the Dominican Republic after the expiration of 90 days following the date of the enactment of the Mutual Security Act of 1958.

Mr. WILLIAMS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is the request sufficiently seconded?

The yeas and nays were not ordered.

Mr. JOHNSON of Texas. Mr. President, is the Senator from Delaware asking for the yeas and nays?

Mr. WILLIAMS. Yes.

Mr. JOHNSON of Texas. I hope every Senator will raise his hand, so that we will not have to have another quorum call.

The PRESIDING OFFICER. Is the request for the yeas and nays sufficiently seconded?

The yeas and nays were ordered.

Mr. WILLIAMS. Mr. President, the amendment is a part of the previously offered amendment of the Senator from Wisconsin [Mr. PROXMIER], except that it deals only with the Dominican Republic. It will take very little time for me to explain the purpose of the amendment. It merely strikes out all assistance in this title or any other title so far as aid to the Dominican Republic is concerned.

At page 14 of the committee report we read that \$210,000 is allowed to the Dominican Republic under so-called technical cooperation. The extra amount allowed for military aid is a classified figure. It does not seem necessary for the United States Government to support the dictator in the Dominican Republic, especially in view of some recent episodes that we have witnessed on the part of some of the members of his family and his boast that he can provide his son with \$50,000 a month in expense allowance. At that rate, the \$210,000 would last his son only about 4 months in spending money. Furthermore the morality of this Government is far below the standards of what we should uphold. I call attention to the fact that some time ago, after our Government had extended economic aid to the Dominican Republic, an American company had to bribe its way into doing business in that country. I called the attention of the Senate to the case of the Lock Joint Pipe Co., of Rutledge Avenue, East Orange, N. J., which had bid on a contract for work in the Dominican Republic. The company was the lowest responsible bidder, and their work was satisfactory. The responsibility of the firm was not questioned, and, in fact, was declared to be satisfactory. The company was told it could have the contract if it would add, in one instance, a half million dollars, which would be paid over in cash to the agent of Trujillo and, in another instance, if it added \$200,000 to the contract, also to be paid to Trujillo. Altogether, every time the company got a contract, it had to add a little more to the contract figure, as a kickback for Trujillo and his Government, in order for the company to do the work in that country. I do not know whether those contracts were paid with money our Government had supplied the Dominican Republic in the way of economic aid or not, but we were giving economic aid to the country at

the time when this American company had to bribe its way in there in order to do business.

I criticized both the Government of the Dominican Republic for demanding the kickbacks and also the company for agreeing to make the payments.

The principle of bribes is indefensible under any circumstances and cannot be condoned.

Altogether, according to the testimony, which has not been denied, \$1,800,000 went to Trujillo and his associates in this way, so that the company could do business in that country.

Certainly no country which will hold up the United States Government or a United States citizen for doing business, and collect blackmail and bribes, is entitled to 1 dime in aid. I cannot conceive of Congress doing other than accepting my amendment and striking out this amount in the bill entirely.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. BUSH. I commend the Senator from Delaware very heartily for bringing up his amendment. I intend to support it. I wish to take the opportunity to say that I certainly commend the Committee on Foreign Relations for the splendid report which it made in connection with the bill. I am in general support of the committee's position all the way through. However I believe the Senator from Delaware has selected one situation which deserves special consideration. The sensibilities of the American people have been rather badly shaken by events which the Senator has mentioned in his remarks, and I join with him in hoping that the amendment may have favorable consideration by the Senate.

Mr. WILLIAMS. I thank the Senator for his support.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. CURTIS. With whom were the contracts made?

Mr. WILLIAMS. The contracts were made with the Dominican Republic on behalf of the Lock Joint Pipe Co. of East Orange, N. J. For example after the bids had been submitted and approved, the company was instructed to add \$100,000 in one instance and a half million dollars in another instance, altogether the kickbacks or bribes agreed upon amounted to \$1,800,000 on three contracts. The understanding was that the money was to be paid to the agent of Trujillo for the benefit of the Generalissimo and his associates.

This Government is certainly not entitled to any aid from the American taxpayers. Certainly we are not going to tax American citizens to support the son of this dictator on a \$50,000 per month expense allowance.

Let him put his son to work and use the money to support his own people instead of asking the United States Government to underwrite his extravagance.

Mr. CURTIS. Were they contracts with the Government?

Mr. WILLIAMS. Yes; contracts with either the Dominican Government or a subdivision of the Government itself. I

shall incorporate in the RECORD the complete statement I made at the time I called the attention of the Senate to this situation.

I may say that we in the committee were somewhat shocked to learn that, under existing law, the Treasury Department had ruled that it would have to allow as legitimate tax deductions, as normal expenses of doing business, the kickbacks or bribes which were being paid.

The Finance Committee has approved an amendment to a bill which provides that these items shall not be recognized as deductible items. I think the loophole will be plugged to that extent. But certainly a government which holds up American businessmen or holds up the United States Government is not entitled to aid.

In one particular case, the Lockjoint Pipe Co. submitted a proposed bid of \$11,775,000 for a certain contract. A representative of the Dominican Republic, Mr. William Rogers—a British subject, by the way—who at that time was Chief of the Division of Aqueducts in the Dominican Republic, advised the company that their bid was acceptable provided that they included in the figure an additional \$100,000 which was to be paid over to him. Accordingly, the figure was revised to \$11,875,000.

Shortly thereafter, Mr. Rogers stated that their bid as revised was acceptable, but instructed the company to add another \$600,000 to the bid, bringing the total to \$12,475,000, with the understanding that the additional \$600,000 was also to be rebated to Mr. Rogers, who said that the additional item was being collected for the benefit of the dictatorship and that \$500,000 of this amount was being paid over for the generalissimo. This left Mr. Rogers' take on this contract \$200,000.

This is not a case of a legitimate expense for the hiring of attorneys for representation before the government. These are kickbacks which were added to the amount of the contract, with the understanding that those amounts would be paid in cash to the dictatorship or the Generalissimo.

Knowing the record of the Generalissimo and of the government of the Dominican Republic, I think this item should be stricken from the bill.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. CHAVEZ. If, as the Senator from Delaware has stated, things of the nature he has related can be done to an American business house, imagine what can be done to anyone else who wants to do business in Santo Domingo.

Not only that; I still insist that morality and principle should prevail. I do not think we need the Dominican Republic to assist us one iota in the protection of our security. Even if we did, I would not compromise American freedom, American principle, and American political morality for the sake of whatever help the Dominican Republic can give us.

The son of the President of the Dominican Republic is evidently being trained

by American officers in order to prepare himself to be a Dominican officer.

Whom are they going to fight, unless it is the very people of their own country? They are not going into Cuba; they are not going into South America; they could not even go to Puerto Rico. But we are training the son of the man about whom the Senator from Delaware is speaking—in order to do what? To prepare himself militarily to fight anyone who might dare to contest his authority. We should return to the freedom we love and brag about, sermonize about, and tell the world about. I hope the Senator's amendment will prevail.

But I assure him of one thing. Even if it does not, even if the provision in the bill prevails, Trujillo will still have to get the money.

Mr. WILLIAMS. I thank the Senator from New Mexico for his statement. I agree with him fully that if American foreign policy today, so far as our defense is concerned, is so shaky that we must depend upon governments of such low moral standards, then our defense is in far worse shape than any of us recognize or are willing to admit.

Mr. President, I ask unanimous consent that the entire statement concerning the experience of the Lockjoint Pipe Company be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILLIAMS

On July 23, 1957, I called the attention of the Senate to a Treasury Department ruling wherein American corporations in computing their income-tax returns were being permitted to deduct as legitimate business expenses the payments of bribes or kickbacks to officials or employees of foreign governments when doing business in their countries.

The particular case which was called to my attention to illustrate this practice is as follows:

The Lockjoint Pipe Co., 150 Rutledge Avenue, East Orange, N. J., had bid on several contracts for construction work in the Dominican Republic. Their bids were recognized as satisfactory and the company was approved for the work; however, before being awarded the contracts they were requested to and acquiesced in the payment of bribes or kickbacks to officials of that government amounting in the aggregate to approximately \$1,800,000.

These bribes or kickbacks were added to the original bids submitted, and presumably upon being paid by the Dominican Republic for the work, the company converted this extra payment into cash and turned it over to an agent for distribution to the officials. All of these kickbacks or bribes were turned over to Mr. Rogers in the form of cash with the exception of 1 check for \$100,000 which was paid to him in New York City.

For example, in one instance the Lockjoint Pipe Co. submitted a proposed bid of \$11,775,000 for a certain contract. A representative of the Dominican Republic, Mr. William Rogers (a British subject) who at that time was chief of the division of aqueducts in the Dominican Republic, advised the company that their bid was acceptable provided that they include in the figure an additional \$100,000 which was to be paid over to him. Accordingly the figure was revised to \$11,875,000.

Shortly thereafter Mr. Rogers stated that their bid as revised was acceptable but in-

structed the company to add another \$600,000 to the bid, bringing the total to \$12,475,000, with the understanding that the additional \$600,000 was also to be rebated to Mr. Rogers, who said that the additional item was being collected for the benefit of the dictatorship and that \$500,000 of this amount was being paid over for the Generalissimo. This left Mr. Rogers' take on this contract \$200,000.

Altogether, during the life of this particular contract a total of \$700,000 was distributed in kickbacks and bribes over the 4-year period 1949 to 1952.

In 1951 the company was advised that further installations were contemplated by the Dominican Republic, and this time the company offered to do the work for \$5,920,000 but again upon the suggestion of the same Mr. Rogers they revised their contract price to \$6,030,000 with the understanding that the additional \$110,000 was to be collected and paid over to Mr. Rogers. Presumably after Mr. Rogers took the matter up with the Generalissimo he returned to the company and instructed them to add another \$250,000 which he described as being for Trujillo.

This brought the revised contract price to \$6,280,000, with the bid including \$360,000 for kickbacks.

Later additional work on the project was proposed, and the contract was extended. The company's bid on this extension was \$7,162,000, and this time they were instructed to include 2 additional amounts: (1) \$500,000, and (2) \$150,000; bringing the revised bid to \$7,812,000, again with the understanding that the \$650,000 would be used as kickbacks to officials of the dictatorship. Mr. Rogers told the company that this \$650,000 was to be distributed \$500,000 for the chief, \$100,000 for his own benefit, and \$50,000 for special purposes.

The payment of \$1,710,000 in kickbacks and bribes was apparently made in the Dominican Republic which added to another \$100,000 paid to Mr. Rogers in New York City in 1952 brought the total paid by the company in bribes or kickbacks to officials of the Dominican Republic to \$1,810,000.

It is interesting to note that the United States Government allowed all of these kickbacks and bribes as ordinary and necessary business expenses, and thereby deductible for Federal income tax purposes, with the exception of one payment of \$100,000 to Mr. Rogers in the State of New York, and disallowance of this item was based on the fact that bribery, even in commercial transactions among private persons, is unlawful in the State of New York.

The United States Government reasoned that the payment of \$100,000 to Mr. Rogers in New York in 1952 violated that law and to allow a deduction for that payment would frustrate the policy of that State as evidenced by its laws.

It has always been my understanding that the payment of a bribe or kickback under any circumstances is wrong and that under no circumstances can its recognition as a legitimate expense of doing business be justified.

The actual distribution of the bribes and kickbacks as recognized by the Treasury Department as having been paid by this company to Mr. Rogers for his own personal use and for distribution to the dictatorship is as follows:

1st contract:	
1949.....	\$436,000
1950.....	136,000
1951.....	28,000
1952.....	100,000
Total.....	700,000

2d contract and extension:

1951.....	\$275,000
1952.....	544,000
1953.....	121,000
1954.....	148,000
1955.....	21,000

Total..... 1,109,000

Unquestionably the overwhelming majority of American corporations doing business abroad would refuse to cooperate in such holdup practices even if the demands were made of them.

Nevertheless, as in the instance outlined here, the situation does exist in which this practice has been followed, and we are advised that as the courts place interpretation upon the existing law such payments, either as kickbacks or bribes, can be deducted for income tax purposes as ordinary and necessary expenses of doing business.

Therefore, the burden now comes back to the Congress and the Treasury Department to support the necessary corrective legislation, thereby definitely both rejecting the principle and correcting the law.

All of the above referred to amounts were allowed by the Treasury Department as "ordinary and necessary" business expenses and thereby deductible for income tax purposes.

In the Treasury Department's letter, as incorporated in the Record on July 23, 1957, they stated:

"Where * * * it is the foreign government itself which demands or acquiesces in the payment, so that legal recourse is not available to the taxpayer in the operation of his legal business, the Service would find it difficult to sustain the position that the expenses were not ordinary and necessary to the taxpayer's business."

In subsequent conversations with the Department and with the staff of the Joint Committee on Internal Revenue Taxation it has been agreed that in order to stop this practice additional legislation is required.

I am therefore today introducing an amendment to H. R. 8381, the purpose of which amendment is to prohibit the allowance as legitimate business deductions the payment of any bribe or kickback to officials or employees of foreign governments. There is already a law which prohibits such allowances on bribes or kickbacks paid to anyone within our country.

To recognize these bribes or kickbacks as legitimate business deductions under the guise of "ordinary and necessary" business expenses is in effect to condone the practice.

As a member of the Senate Finance Committee I shall urge the prompt adoption and acceptance of this amendment by the Congress. Certainly our Government cannot afford to be on record as recognizing under any circumstances the legitimacy or the propriety of an American corporation or individual bribing an official or employee of a foreign government when soliciting contracts with that country.

It is my understanding that the Dominican Republic officials referred to as having received the bribes or kickbacks have upon inquiry denied the payments; however, company officials insist that the payments were made and describe them as being for the officials as outlined.

This contradiction further emphasizes my contention that under no circumstances should the United States Government ever recognize or condone the payment of bribes since obviously even if the moral character of the transaction were ignored, no company or individual can certify or prove the payment of cash bribes. No one would be fool enough to give receipts for bribery.

Certainly to say the least the allowance of such cash bribes as legitimate business

expenses for income tax purposes is a far cry from the recent Treasury announcement demanding from the average taxpayer a complete itemized breakdown of every expense item.

Mr. DIRKSEN. Mr. President, I can understand the appeal of this amendment, but I ask the Senator from Delaware if it involves any funds in the mill.

Mr. WILLIAMS. Yes.

Mr. DIRKSEN. Other than the incident he was reciting concerning the Long Joint Pipe Co.

Mr. WILLIAMS. Not that I know of. I could not say "no" and be definite about it, because, as I stated before, I do not know whether these contracts have been fully completed or not, or whether they have all been paid for or not. If not some of these funds could be involved in the payment of these contracts.

As I said in my earlier statement, I could not say that one dime of American money in foreign aid was used to pay for the contracts.

I did say that the Government of the Dominican Republic was getting foreign aid at the time the contracts were in operation. Whether they will be paid for by a part of this money, I do not know. On the other hand I do not know that it will not be so.

Mr. DIRKSEN. Mr. President, the nub of the case is that there is a controversy between a private American firm and the Dominican Republic. There is an allegation of an immoral contract in the form of kickbacks. They involve no public money. They do not involve money authorized in the bill. So one must assume that what is contemplated here is a kind of disciplinary action.

Allegations have been made, but I have seen no documentation of them. My understanding is that there have been no representations of any kind in this matter before the Committee on Foreign Relations. Now we are asked to discipline a country which is a member of the organization of American states by saying to them, in effect, "You have dealt unkindly, it is alleged; you have dealt unfairly, it is alleged; you have dealt immorally, it is alleged, with an American firm. Therefore, the United States Government will deny you any aid under the mutual security program."

That would be an imprudent course. It would be an unwise course. Granting everything which has been said, my understanding is that we have a missile track base in the Dominican Republic. In this age of infection and fever and contagion, shall we put ourselves in a position, without admitting for one moment that we are right and they are wrong, or vice versa, of having them say to us, "Look. If that is the way you feel, pick up your marbles and go home?"

It may be that the case which the Senator from Delaware makes is exactly correct; but what he proposed is not the way to handle it. There should be conferred upon the President, in his

capacity as Commander in Chief, the authority to withhold aid under circumstances of this kind if, after a full investigation and a full disclosure, he feels that aid ought to be denied.

But to select one country out of some 80 and to put the finger on it, either because of the President's son's peccadilloes, or because of a reasonably celebrated lady of fame in Hollywood and elsewhere, this is not the place, this is not the time, and this is not the way to act. All we would get out of this kind of approach would be the bitter fruit of hostility, which could become contagious and spread itself to other countries.

If we had had a similar attitude heretofore, when the expropriation of some of our properties was threatened, we should have rushed in with a bill and, by fiat of law, said, "No aid of any kind. For all practical purposes, we will cut off our economic and military-defense relationships with you." It would not have been long before Congress would have had much of its time preempted in running down cases of that kind and then submitting amendments of a disciplinary nature which could bode no good for the country.

I hope this course will not be pursued, and that the amendment will be rejected.

Mr. GREEN. Mr. President, I wish to say a few words in opposition to the amendment offered by the senior Senator from Delaware.

It is my understanding that this amendment is similar to the amendment on the same subject submitted by the junior Senator from Wisconsin.

Assistance under the mutual-security program to the Dominican Republic is one of several instances in which the United States furnishes assistance to countries which have governments not completely satisfactory to us.

It may be asked: How are United States' interests served by giving military and technical assistance in small amounts to the Dominican Republic? I reply that technical assistance, mainly in the field of education, helps to lay in that country the foundation for evolution toward a more democratic system. Second, the Dominican Republic makes a contribution to the defense of the Western Hemisphere, and, in addition, permits the United States to have on Dominican territory an important guided-missile tracking station. Third, the Dominican Republic has always been strongly anti-Communist, and has given support to United States policies in the United Nations and in other international organizations.

The United States' programs of assistance to the Dominican Republic are small, but the Committee on Foreign Relations believes that the results obtained have been worth while.

Mr. President, I urge that the amendment be rejected.

Mr. WILLIAMS. Mr. President, I wish to take only a few moments.

I appreciate the position of the committee.

The Senator from Illinois [Mr. DIRKSEN] stated that even if this matter had been fully documented, he would take the same position. I am sure he would.

However, let me say it has been documented, and has been investigated by an agency of the United States Government, and has been reported to a congressional committee; and what I have been saying as to the payments of these bribes or the morality of this country has been confirmed by representatives of our own Government.

So I wish to point out that I was not presenting something which was not fully documented.

Mr. DIRKSEN. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. I believe that the Senator from Delaware is correct. But the matter did not go to the Foreign Relations Committee, and nothing regarding it was produced there. But the matter did come before the Finance Committee; and I understand that an amendment is being developed there in regard to the so-called technical-assistance program. However, I prefer to have some member of the committee state the facts in that connection.

Mr. WILLIAMS. I have stated that a congressional committee is taking action.

Mr. DIRKSEN. That is correct.

Mr. WILLIAMS. And it is my understanding that the Senator from Minnesota [Mr. HUMPHREY] has also called this matter to the attention of the Foreign Relations Committee, of which he is a member. I also recall that he made a speech on the matter on the floor of the Senate.

Mr. DIRKSEN. Mr. President, will the Senator from Delaware yield further to me?

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. I inquired whether the matter had ever been presented to the Foreign Relations Committee, and the information I have received is that it has not been presented there.

Mr. WILLIAMS. I merely stated what I understood and I think that the Senator from Minnesota has discussed this with the Foreign Relations Committee.

At any rate, Mr. President, public funds are involved, because under the Department's ruling, the \$1,800,000 was allowed as a legitimate business expense, and thereby it became the subject of a tax deduction. Inasmuch as the company was in the 52 percent tax bracket, half of that amount, or \$900,000, was, by indirection subsidized by the Federal Government.

I wished to clear up that point, so there could be no question as to whether I knew what I was speaking about.

My contention is that if the foreign policy of the United States is dependent upon a government of that character, then I believe it time for us to reevaluate the entire situation.

Therefore, Mr. President, I believe the item should be stricken from the bill.

Mr. WILLIAMS subsequently said:

Mr. President, I ask unanimous consent to have printed in the body of the Record immediately prior to the vote on my amendment an editorial appearing yesterday in the Journal Every Evening of Wilmington, Del., entitled "Still a Mystery." This editorial emphasizes the

low moral standards of the Trujillo dictatorship.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

STILL A MYSTERY

The disappearance in December 1956 of Dr. Jesus de Galindez, Basque scholar, remains an unsolved international mystery. It is a fact, however, that he vanished from the streets of New York just after completing a study for Columbia University entitled "The Era of Trujillo," a harsh indictment of the dictatorship in the Dominican Republic. Since then, many scraps of evidence have turned up in support of the theory that Galindez was kidnapped, taken to the Dominican Republic, and there assassinated. The death in Santo Domingo of two persons allegedly associated with these events has done nothing to diminish suspicions.

Ten months ago Trujillo hired a liberal New York attorney, Morris L. Ernst, to investigate the case for him. Despite charges that the report would be a whitewash, Ernst had a good reputation for integrity. His report, now made public, says in effect that it has not been proved beyond a reasonable doubt that the Trujillo regime had any hand in Galindez' disappearance.

We can accept that, while retaining a reasonable doubt that Santo Domingo was not implicated. Mr. Ernst even points out that Galindez may be still alive, which is admittedly one of the possibilities in any unexplained disappearance.

Well, Trujillo has got his money's worth, we guess. But the two-way doubts that remain are not likely to be resolved by anything short of proof of what did happen to Galindez. Maybe Trujillo should have hired himself a private eye and not a lawyer.

Meanwhile, most people in this country have little sympathy for Latin American dictatorships, as Vice President Nixon recently remarked. And it is an interesting sidelight of the sensitivity of the generalissimo's reactions to criticism that the controlled Dominican radio should have commented on the Nixon remark in this absurd fashion:

"We are not certain, though it seems logical, that Nixon was alluding to the pathetic case of Puerto Rico, and to the dictatorship exercised over that unfortunate land by Gov. Luis Muñoz-Marín."

Well, now. Nobody has written a book charging that a brutal dictatorship exists in Puerto Rico, and no author of a book on Puerto Rico has disappeared from the heart of New York. Puerto Rico, though autonomous in domestic matters, is American territory. The president of Puerto Rico was chosen in a free election, wears no uniform, and needs no army or vast security apparatus to keep him in power. It wasn't Puerto Rico that Nixon means, as Trujillo knows perfectly well.

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "O," submitted by the Senator from Delaware, for himself and the Senator from Wisconsin.

Mr. CARLSON. Mr. President, on the question of agreeing to this amendment, I wish to support the position taken by the committee headed by the distinguished Senator from Rhode Island [Mr. GREEN].

Although the matter the distinguished Senator from Delaware has presented to the Senate is not one which we condone, and certainly I do not condone it, nevertheless I feel that the action which has been taken and which I trust will be taken by the Senate Finance

Committee in regard to this matter will take care of it.

As is well known by Members of the Senate who have looked into the matter, I believe it would be unfortunate for us to single out this one country at this time, even though I certainly do not condone the actions of the rulers of the country or those connected with it.

But I believe that, in connection with the position of the Senate on foreign relations matters, we should leave this matter to our Foreign Relations Committee, and should not single out this one nation at this time; because, as everyone knows, in other nations the same situation prevails.

Mr. WILLIAMS. Mr. President, let me state that all that the Senate Finance Committee can do is stop the charging of this item as a legitimate business expense. The Finance Committee has no authority to go beyond that.

Our committee has no authority to deal with the subject of this amendment now before us. The Senate, itself, must make this decision. By our vote we can stop this aid to the Dominican Republic or we can give it our stamp of approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Delaware [Mr. WILLIAMS] for himself and the Senator from Wisconsin [Mr. PROXMIRE].

On this question, the yeas and nays have been ordered.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is on agreeing to the amendment lettered "O," submitted by the Senator from Delaware [Mr. WILLIAMS] for himself and the Senator from Wisconsin [Mr. PROXMIRE].

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. JORDAN], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY], are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senators from New York [Mr. IVES and Mr. JAVITS], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from New Hampshire [Mr. COTTON] is necessarily absent.

The Senators from North Dakota [Mr. LANGER and Mr. YOUNG] and the Senator from New Jersey [Mr. SMITH] are detained on official business.

If present and voting, the Senators from New York [Mr. IVES and Mr. JAVITS] and the Senator from New Jersey [Mr. SMITH] would each vote "nay."

The Senator from Wyoming [Mr. BARRETT] is paired with the Senator from Kansas [Mr. SCHOEPP]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Kansas would vote "nay."

The result was announced—33 yeas, 46 nays, as follows:

YEAS—33

Allott	Curtis	Malone
Anderson	Douglas	Morse
Bennett	Dworthak	Pastore
Bible	Frear	Potter
Bush	Goldwater	Proxmire
Butler	Gore	Robertson
Byrd	Hill	Symington
Carroll	Hruska	Talmadge
Chavez	Jackson	Watkins
Church	Jenner	Williams
Clark	Magnuson	Yarborough

NAYS—46

Aiken	Hickenlooper	Mundt
Beall	Hoblitzell	Neuberger
Bricker	Holland	Payne
Bridges	Humphrey	Purcell
Capehart	Johnson, Tex.	Revercomb
Carlson	Johnston, S. C.	Russell
Case, N. J.	Kefauver	Saltonstall
Case, S. Dak.	Kennedy	Smathers
Cooper	Knowland	Smith, Maine
Dirksen	Kuchel	Sparkman
Eastland	Lausche	Stennis
Ellender	Mansfield	Thurmond
Flanders	Martin, Iowa	Thye
Fulbright	McNamara	Wiley
Green	Monroney	
Hennings	Morton	

NOT VOTING—17

Barrett	Jordan	Murray
Cotton	Kerr	O'Mahoney
Ervin	LANGER	Schoeppel
Hayden	Long	Smith, N. J.
Ives	Martin, Pa.	Young
Javits	McClellan	

So the amendment offered by Mr. WILLIAMS for himself and Mr. PROXMIRE was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KNOWLAND. Mr. President, I call up my amendment "5-28-58-B" and ask that it be stated for the information of the Senate.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 58, beginning with line 21, it is proposed to strike out down through line 24 on page 59.

On page 59, line 25, strike out "(j)" and insert in lieu thereof "(i)."

On page 60, line 4, strike out "(k)" and insert in lieu thereof "(j)."

On page 60, line 16, strike out "(l)" and insert in lieu thereof "(k)."

On page 61, line 16, strike out "(m)" and insert in lieu thereof "(l)."

On page 61, line 23, strike out "(n)" and insert in lieu thereof "(m)."

On page 62, line 11, strike out "(o)" and insert in lieu thereof "(n)."

Mr. KNOWLAND. Mr. President, on this amendment I ask that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, my amendment would strike from the bill as reported by the Committee on Foreign Relations the so-called Kennedy amendment.

Mr. President, the Kennedy amendment to the Battle Act is a radical departure from existing law and existing policy regarding the granting of United States aid to Communist-dominated countries.

At present, the Battle Act provides that United States policy is to apply an embargo on shipping certain items to any nation, or group of nations, threatening the security of the United States, including the U. S. S. R. and all countries dominated by the U. S. S. R.

The United States embargo, by law, applies on the shipment of the following items to such countries: arms, ammunition, implements of war, atomic energy materials, petroleum, transportation materials of strategic value, items of primary strategic significance used in the production of arms, ammunition, and implements of war.

Further, present law sets forth the policy that no United States military, economic, or financial assistance shall be supplied to any nation unless that nation—like the United States—applies an embargo on such shipments to nations threatening the security of the United States, including the U. S. S. R. and all countries under its domination. In fact, the law—section 103 (b)—specifically provides for termination of United States aid to any nation which knowingly permits shipment of a United States embargoed item to any nation threatening the security of the United States.

The effect of existing law is to prohibit the giving of military, economic, or financial assistance to any country which ships to the Soviet Union any item on the Administrator's embargo list.

A further effect of existing law is to prohibit the giving of military, economic, or financial assistance to any country shipping to a Soviet-dominated country any item on the Administrator's embargo list.

The only exception allowed under present law would be a case in which the President of the United States makes a determination that it would be detrimental to United States security to terminate aid to a nation shipping an item other than arms, ammunition, implements of war, or atomic energy materials to Russia or to any country under Russia's domination.

In other words, the President can decide whether to continue United States aid to any country shipping other than strictly war material to the Soviet Union or Soviet-dominated country.

The Kennedy amendment, which the Foreign Relations Committee adopted and now proposes to the Senate, drastically revises existing law.

The Kennedy amendment was not recommended by the administration. The Kennedy amendment was not in the bill as it passed the House, nor was it in

the proposed legislation submitted to the Congress by the executive branch of the Government.

The effect of subsection (a) of the Kennedy amendment is to authorize United States economic and financial assistance to all Communist countries except the U. S. S. R., Communist China, and North Korea, whenever the President determines that such aid will strengthen the security of the United States.

What is more, the Kennedy amendment would permit such economic and financial assistance even though the Communist country ships to the Soviet Union arms, ammunition, implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms; ammunition, and implements of war.

In other words, the Kennedy amendment would permit the use of American tax dollars to give aid to countries which are shipping goods to build up the war-making apparatus of the Soviet Union.

I should like to remind the people of the United States that the present dictator of Russia, Nikita Khrushchev, has boasted the Soviets would bury us.

Subsection (a) of the Kennedy amendment also would affect title II of the Battle Act which provides for the negotiation of agreements with nations receiving United States military, economic, or financial aid.

Title II requires nations receiving United States aid to agree to control exports of materials other than war materials to nations threatening the security of the United States. If recipient countries fail to cooperate in controlling such exports or fail to furnish information so that the President can determine whether it is cooperating, United States aid is required to be stopped.

But under subsection (a) of the Kennedy amendment, stoppage of economic or financial assistance would not appear to be mandatory in the case of a country receiving such assistance even though the recipient country—and remember this may be a Communist-ruled country—fails to cooperate in controlling exports of nonwar materials.

Examining the Kennedy amendment further, we find that subsection (b) would allow the administrator of the Battle Act to continue to furnish military, economic, or financial aid to countries which permit shipment of items other than strictly war materials to Communist nations receiving aid under subsection (a).

Mr. President, there can be no doubt that the Kennedy amendment gives to the executive branch the power to make sweeping policy decisions—decision-making power which the Congress should reserve to itself.

In my judgment, the question of whether the United States shall give aid to Communist governments is a fundamental issue of policy which should be retained by the Congress—by the representatives of the American people.

I need not remind the Senate of the long and arduous struggle in the Congress to terminate military aid to Yugoslavia. In 1956 we closed off further

new military aid, except for spares and spare parts, although items then in the pipeline were delivered thereafter.

The fact that there is no military aid to Tito in the 1959 mutual security program is not because the administration stopped it. Military aid ended because Tito refused to accept any further gifts of arms from us. Of course, Tito could change his mind—and he very well may, depending on the way the wind blows from the Kremlin. If Tito indicated he wanted grant military aid from the United States to resume, what would be the position of the administration? Congress has not to date closed all the loopholes in existing law under which the administration could find ways to give military assistance to Tito.

Members of the Senate know how difficult it has been to try to stop military aid to one Communist dictator.

Think how much more difficult it would be to try to end economic or financial aid to Communist dictators, once the administration had committed the United States to furnish such aid.

Despite the far-reaching nature of the Kennedy amendment adopted by the Foreign Relations Committee, the published hearings contain less than one page of colloquy devoted to the amendment.

Mr. President, I should like at this point to read in entirety the portion of the committee's published hearings concerning amendment of the Battle Act.

The junior Senator from Massachusetts raised the issue as follows, and I quote from page 183 of the printed hearings:

The only other question I wanted to ask you is this: Last year this question of the Polish loan came up; and one of the problems, as I understand it, in responding to the Polish loan was not only a political one but the restriction in the Battle Act. Therefore, it was proposed that there might be some change in the Battle Act so that it might be possible for us to give a country such as Poland, which occupies a particular position in the division of power, more direct assistance, instead of having to make the rather elaborate manipulations which you were forced to do because of legislative restrictions.

I do not know whether the situation there is going to be such that we are going to want to continue to give economic assistance.

But assuming that we do, would it be of any assistance to you in your responsibilities if it were somewhat easier for mutual assistance funds to be given directly to a country like Poland if you felt it was in the national interest, rather than having to use these special steps that you used last year? In other words, I have in mind an amendment to the Battle Act.

Secretary Dulles responded:

Yes; I do believe it would be in the national interest to have the Battle Act amended, and I believe you have made some proposals along those lines.

The colloquy continued:

Senator KENNEDY. That is correct.

Secretary DULLES. The ability to use these funds to achieve the objectives desired by the Congress sometimes is inhibited by the rigidity of provisions which are imposed by the Congress with one situation in mind, and then actually you get a new situation which the Congress did not foresee, but you find yourself tied up with those provisions that

were put in for another purpose and which, at the time it was done, it was quite understandable.

Therefore, more flexibility would, in my opinion, be very desirable.

Senator KENNEDY. I want to thank you.

Mr. President, that is the extent of the testimony I have been able to find in the committee hearings on amending the Battle Act.

There is not a shred of evidence contained in this testimony to justify opening the floodgates to American aid to Communist dictators.

Once the Congress accedes by statute to the principle of giving United States economic and financial aid to all but three Communist countries, it will be very difficult to overturn that principle.

Should the Congress approve the Kennedy amendment, what happens to nations which have withstood the blandishments of the Communist economic offensive, preferring to ally themselves with the West rather than permit the Reds to get a foot in the door?

Would not these countries be tempted in the future to play both sides of the street—getting as much aid as they could from the Communists and as much aid as they could from the United States?

What happens to the will to resist internal and external Communist forces in these countries when the United States declares its willingness to aid all but three Communist governments?

There is another vital aspect of the policy change we are asked to approve in the Kennedy amendment.

By opening the foreign aid program to all but three Communist countries, the United States will be embarking on a course which will cost the American taxpayers additional billions. Let no one deceive himself that this program will not grow and grow.

Obviously, the United States does not have unlimited funds. Even without an extension of our foreign aid program, the United States Government is bumping up against the Federal debt ceiling, is facing a deficit of eight to ten billion dollars in the next year, and is faced with the prospect of greater domestic spending to combat the recession.

It seems to me the problem is to use what funds we do have where we get the maximum increase in our strength vis-à-vis the Communist threat.

Out of our limited resources, which will strengthen the United States more: giving aid to reliable friends or to Communist governments?

Forty years of communism should have taught the world that communism does not change. The goal of world domination remains the same. Only the tactics vary. The leopard does not change its spots.

As Khrushchev warned, "You may as well wait until the shrimp learns to whistle."

The Communists—without exception—insist they will not change, insist they are out to socialize and communize the world, and insist their system is better than the free enterprise system.

Why then should we entertain any hope that our aid will influence the Communists to turn away from their well-known aim of destroying the pri-

vate capitalist system and individual freedom and liberty wherever they now exist.

Instead, let us look realistically at the situation.

Wherever the Communist system operates, it has great difficulty in producing enough food and goods to meet the basic needs of its own people.

As the United States helps relieve the economic pinch in those countries, here is what happens—

Life becomes more tolerable for the people. They are less rebellious, and the pressures on the Communist rulers decline.

This in turn means less hardship on Soviet Russia itself to keep her empire intact.

Thanks to American dollars, communism then appears to be a workable system.

As long as satellite states remain economically satisfactory, politically stable, and even remotely tolerable, the chances of open rebellion are slim. The strength of the Communist rulers is correspondingly greater.

Without outside help, the Communist rulers could not meet the minimum needs of their people. More stringent measures would be needed to increase production, including longer hours for workers.

Dissatisfaction among the millions who would work harder and get less would increase. This would build up pressures on the rulers. There would be fear of uprisings. Strong-arm tactics would intensify, and this would further arouse the people.

Restless satellites would force greater hardships on Soviet Russia proper and further weaken the economic base of the entire Russian imperialist system.

Moscow might be forced to part with consumer goods—always scarce in Russia—and this would be unpopular with the Russian people.

It would require more direct Russian intervention in the local affairs of the satellites. This in turn would create more friction and unrest.

The propaganda value to the West of such dissatisfaction within the satellites would be immeasurable in our ideological struggle with uncommitted or neutral nations. With the gross failures and inhuman brutalities of the Communist bosses thus exposed, as it was in Hungary, there would be less orientation toward Russia by the neutrals.

Instead of independent Communist states oriented to the West, the result is far more likely to be a powerful commonwealth of Communist nations acting in concert.

Such a prospect poses a greater menace to the United States than restless satellites in a far-flung Russian Empire which can only be kept in line by the might of the Russian Army.

By aiding the satellite countries, we play into the hands of the Soviet:

We enable her to keep many of her own troops at home, thereby lessening possibilities of disillusion and defection in the Russian Army itself—something greatly feared by the men in the Kremlin.

We remove sources of friction in satellite nations.

We lend credibility to Russian propaganda which claims the Communist satellite governments are not directed from Moscow.

In view of these inescapable facts, the United States should not give aid to Communist-dominated countries—except in those rare instances of disaster or famine resulting in great human suffering.

Any other aid serves to support and further entrench the Communist regimes. This is hardly the way to aid subject peoples.

Now is the time for Congress to reappraise the policy of aid to Communist governments. Those governments are unequivocal in their allegiance to socialism and tyranny—and by their own insistence, they do not intend to change.

Mr. President, I greatly fear that United States aid to Communist governments as proposed under the Kennedy amendment would only serve to further entrench the present dictatorships. It would make it more difficult for captive peoples to throw off the yoke of their Communist masters. To give aid to Communist governments would run the risk of strengthening our enemies against us—and weaken the very security of the United States.

The Kennedy amendment represents an about-face in American policy.

The Kennedy amendment would chart the ship of state in perilous waters.

The Kennedy amendment would permit the executive branch to embark upon various Communist-aid programs without further review by the Congress. About the only opportunity for review by the Congress would be those instances where the administration would have to ask for appropriations.

In such an important area as this, Congress should reserve to itself the policy decision as to which countries should benefit from the expenditure of American tax dollars. Let us require each case to be judged on the individual merits.

Mr. President, when the Battle Act was passed by the Congress in 1951, 900 million people, in 13 Communist nations—36 percent of the world's population—had lost their freedom to the most godless tyranny the world has ever known.

Today, 7 years later, there are still over 900 million people behind the Iron and Bamboo Curtains—in Latvia, Lithuania, Estonia, Yugoslavia, Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Rumania, Korea, China, and Russia.

The hopelessly enslaved in the Communist world look to the United States as the only salvation and the only expectation of the future of a free world of freemen.

Communist officials in the Soviet Union and Communist China direct and control the economies of the rest of the Communist nations. These Communist officials, in my judgment, would be greatly relieved by enactment of the Senate Foreign Relations Committee amend-

ment—the so-called Kennedy amendment. It would alleviate for Communist rulers the burdens of providing an acceptable standard of living in these nations, while retaining for themselves the privilege of complete control over the political destinies of the citizens of these nations.

The taxpayers and citizens of the United States already have contributed billions of dollars toward our defense efforts and toward the survival of all free nations.

The Senate is now being asked to approve the principle that American taxpayers should be required to support the economies of the Communist satellite nations.

If the Senate approves this principle, the Senate would, in my judgment, be helping to extinguish the light of eventual freedom for peoples now held in Communist captivity.

Mr. President, the arguments which are set forth in the Senate Foreign Relations Committee's report do not hold up in the face of critical scrutiny.

No third category of nations is in the process of moving away from Communist control and of establishing some measure of independence. In recent years the brutal crushing of the uprisings in Poland and Hungary by the Soviet Union is stark testimony as to what lies ahead for the people of any Communist nation who attempt to assert their natural independence. This also constitutes a clear refutation of the report of the Senate Foreign Relations Committee in this regard.

Mr. President, for the sake of a free world of free men, we must understand that there is no difference between communism in the Soviet Union and communism in Czechoslovakia. There is no difference between communism in Red China and communism in Hungary. There is no difference between communism in North Korea and communism in Poland.

I hope the United States Senate will not place its approval on these provisions of the bill as reported by the Senate Foreign Relations Committee. If approved, this would, in my judgment, have grave consequences to the people in both the free world and the Communist world.

Mr. President, I strongly urge that the Kennedy amendment be stricken from the bill. Those in favor of striking out this Communist-aid proposal should vote for the pending amendment.

Mr. President, we are operating under severe budgetary limitations. The estimates which have been made by the Director of the Budget indicate the deficit for this year will perhaps be as large as \$3 billion, and in the next year it will be possibly as high as \$8 billion or \$10 billion.

There are some very serious problems facing the world. We have a series of mutual security pacts. I think the Congress of the United States and the American people recognize the responsibility we have to keep up our side of those agreements.

The mutual security pacts were primarily invoked for the purpose of pro-

tecting the free world against the possibilities of Soviet aggression. There are still in the free world many nations that feel they have not received a sufficient amount of either economic or military assistance, but we have been faced with certain practical limitations. Our coffers are not entirely unlimited.

I suggest that if we open this door by giving economic aid to the Communist countries, including those countries which are members of the Warsaw Pact, we do one of several things.

First, we open up a program which is bound, over the years, to be increasingly expensive. This will add to the national debt. It will add to the expenditures of the Federal Government.

Secondly, in the event that the Congress should decide to limit the size of the mutual aid program, it would mean that the aid we gave to the Communist-dominated countries would be deducted from the amounts which otherwise would go to the free nations of the world, nations which have been prepared to stand up with us and be counted in meeting the threat of Communist aggression.

I think these are all very vital reasons why we should not embark upon such a program.

As to the third phase of the problem, I doubt very much whether this amendment should be a part of the mutual security bill. As I have said, it was not included in the recommendations of the executive branch of the Government to the Congress.

Secondly, it was not included in the bill as it came to the Senate from the House of Representatives. It was added by the Senate Foreign Relations Committee. It seems to me if we embark upon this program under those circumstances, we shall be opening a door to a situation which will plague the country and the Congress in the years ahead.

There are those who may make the argument that there should be some amendments to the Battle Act. While personally I do not approve of the suggested amendments to the Battle Act, I certainly believe that a case could be made for bringing a separate bill before the Congress. As a matter of public policy, let the Senate and House of Representatives determine whether or not they wish to loosen the provisions of the Battle Act, as indicated by the Kennedy amendment. But that question should stand on its own merits. In my judgment, it should not encumber the mutual security bill. We have enough problems in connection with this legislation as it is.

The program was instituted as a mutual security program against the potentials of Soviet aggression. For us now to embark upon a policy which, in effect, would strengthen the Warsaw Pact countries would run counter to the mutual security program as such.

I think no one will deny the fact that when the mutual security program was undertaken, it was felt that, in addition to the military assistance, it was important to strengthen the economic foundation of the so-called western allies.

Therefore, we embarked upon an economic program as well. We are now proposing to do exactly the opposite, in the so-called Kennedy amendment. Certain nations are contributing to the strength of the Soviet Union. The testimony has been very clear that in the past the Soviet Union has stripped Poland, Czechoslovakia, Rumania, and Bulgaria of machinery, has taken implements of war, ammunition, and other things. It has used those countries for the purpose of building up the Soviet warmaking potential.

For us now to embark on a program of bolstering the economies of the Communist countries, I submit, would be also to bolster their warmaking potential.

As for me, in good conscience, I cannot support any such program, either in connection with the mutual-security program or as a separate piece of legislation. I hope the Senate will reject this very fundamental departure from our past policy.

Mr. BRIDGES obtained the floor.

Mr. KENNEDY. Mr. President, will the Senator yield to me?

Mr. BRIDGES. I yield.

Mr. KENNEDY. In considering this amendment, I think it is important to realize that the amendment does not require any additional appropriation, any earmarking of funds, any increase in authorization limit, or any diversion of funds from friendly nations. It does not contemplate any immediate negotiation for aid to satellite nations.

Second, it does not weaken the barriers with respect to aid, trade, or sale of strategic goods to Russia, China, or North Korea.

Third, it does not weaken the barriers with respect to the shipment of arms, ammunition, implements of war, and atomic energy material by the United States or her allies to any satellite nation; and

Fourth, it does not authorize any United States military assistance to any satellite country.

I think it is important for the Senate to realize that when the Battle Act was written in 1951 we never envisaged the situation which has since arisen. At that time the Soviet Union and the satellites were a great monolithic area. The revolts in East Germany, Hungary, and Poland had not developed.

The Battle Act was written, not to prevent any United States economic assistance to Poland, Finland, or East Germany, but rather was written in an attempt to prevent our allies, notably the British, who were irritating us during the Korean war, from shipping strategic goods to China or the Soviet Union.

The Battle Act was not intended as a limitation on any economic assistance to any satellite, because that was never even contemplated in 1951, in the time of Stalin. It was rather an effort to prevent our allies from shipping such strategic goods.

Now, after 7 years of the Battle Act, we see an entirely new situation behind the Iron Curtain. Personally, I believe that what has happened in Poland in recent months has been somewhat dis-

appointing, but I am not ready to state that the next 5 or 10 years will not see drastic changes in the relationships between the satellite countries and the Soviet Union.

Under the provisions of the Battle Act, and under the provisions of Public Law 480 it was possible for us, when the Poles asked for assistance last year, after the Poznan revolt, to render assistance. Poland asked for \$300 million. Because of the restrictions of the Battle Act, we were able to do only two things for Poland. We were able to sell the Poles surplus agricultural commodities under Public Law 480. They had to pay us back in local currency, but we could not, as in the case of other countries, lend them back the economic payments which they had made for such surplus commodities.

Second, we could not give them any assistance under the mutual security program. Therefore it was necessary to take money out of the President's Emergency Fund, which is limited to \$30 million for each country. That was given to the Export-Import Bank, which is prohibited by the Battle Act from making loans to satellite countries. The loan was made from the President's Emergency Fund.

In the case of Finland, a nation which all of us admire, I am sure, there were one or two occasions upon which the President, under the provisions of the Battle Act, made a finding that a loan was in the interest of the United States. A \$14 million Export-Import Bank loan has been made. However, that finding applies for only 6 months. If the President follows the law he cannot make the finding again and again. Therefore, it seems to me quite possible that in the next 5 or 10 years such a condition will develop behind the Iron Curtain that it will be in the interest of the United States, if a situation should arise such as that which arose a year ago, for the United States to extend an economic loan to the people of those countries. I do not say that such a situation exists today, but none of us can state with assurance what might happen a decade from now.

Therefore it seems to me that all we are doing is giving the President power, if he deems it to be in the national interest—and the President's powers are vast in many fields in war and peace—and if he reports the situation to the appropriate committees of the House and Senate, to provide economic assistance or Export-Import Bank loans, or, if we have agricultural commodities which could be sold to those countries, to permit the money to be loaned back.

The exchange of students under the Smith-Mundt Act, because it involves an appropriation to the State Department, also suffers from the same restrictions. So, looking at the shape of the world for the next 10 years, it seems to me that this is a wise amendment. It has the support of the Secretary of State. He indicated that quite clearly when he came before the committee to speak in behalf of the bill. He came out quite clearly for a change in the Battle Act. Let me read from his testimony:

Secretary DULLES. The ability to use these funds to achieve the objectives desired by the Congress sometimes is inhibited by the rigidity of provisions which are imposed by the Congress with one situation in mind, and then actually you get a new situation which the Congress did not foresee, but you find yourself tied up with those provisions that were put in for another purpose and which, at the time it was done, it was quite understandable.

Therefore, more flexibility would, in my opinion, be very desirable.

He said: "I believe it would be in the national interest to have the Battle Act amended, and I believe you have some proposals along this line."

The State Department reinforced its support of the amendment in a letter to the chairman of the Committee on Foreign Relations when the amendment was before the committee. The confidential print of the amendments furnished to all members of the committee contained the statement: "The Executive has no objection to this amendment."

I believe it is in the national interest to adopt the provision in the committee amendment. The State Department has indicated its support of the amendment. It is tied up with the whole question of mutual security. I am hopeful that the Senate will adopt the committee amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. PASTORE. Did I understand the Senator to say that there are three things the President could do under the committee amendment? As I understand it, the President could recommend a loan, or sell surplus agricultural commodities, or give economic aid. Is that correct?

Mr. KENNEDY. The Senator is correct. He can already—

Mr. PASTORE. Could he give military aid?

Mr. KENNEDY. No; he could not. He can already sell agricultural surplus commodities under Public Law 480. However, he cannot lend back to the country the money that is received, as is the custom.

Mr. PASTORE. Could he do it under the amendment of the Senator from Massachusetts, which is now in the bill?

Mr. KENNEDY. He could.

Mr. PASTORE. What kind of economic aid could he give?

Mr. KENNEDY. It is in the discretion of the President as to what kind of economic aid he should give. It might be textile machinery, which is what Poland wanted. He could give aid in the form of agricultural commodities and some mining machinery.

Mr. PASTORE. Is there any ceiling provided for such economic aid?

Mr. KENNEDY. It would depend on the President's judgment. Of course, the appropriation which Congress made would represent a ceiling. We saw last year that the President had restrictions imposed upon him by the Battle Act in connection with Poland. He was limited to a loan of only \$30 million, because that is the limit for each country. No country could get more than that. We

do not know what the situation will be in the next few years. A similar request could be granted if the arguments were good. Under the Battle Act the President is denied discretion in that regard. As a matter of fact, the President could take us into war in the Middle East without coming to Congress. He has very broad discretion in many other fields. I do not think we should limit him in this field.

Mr. PASTORE. Does the Senator's amendment have the support of the administration?

Mr. KENNEDY. The committee amendment has the support of the Department of State. It is my understanding that today, the Senator from California said, the President did not favor it on the pending bill. Up until today he had stated quite clearly that he favored the amendment and favored it in this context. What has caused the President to change his mind, I do not know. The fact is that the record clearly indicates his definite support. If it had not had his full support, I would not have attempted to offer it in connection with the Mutual Security bill.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. AIKEN. I am amazed by the statement that the President does not favor the proposal. Why did he let the Secretary of State favor it all this time without interposing any objection? This is certainly mystifying to me. I talked to a representative of the State Department yesterday, and he said the Department had not changed its views. If we cannot understand where the Department of State stands how can a representative of a foreign country credit what the Department of State says? To me, it is a shocking situation. It destroys confidence.

Mr. PASTORE. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield.

Mr. PASTORE. The junior Senator from Rhode Island is mystified by this development. We are entitled to know where the administration stands on the amendment. Most of the objections seem to come from the other side of the aisle. I do not mean that in any sense of impertinence. However, I believe the time has come when we should have it stated right on the line exactly how the administration feels about these things.

Mr. AIKEN. What I would like to know is if the White House, at the urging of a few Members of Congress, told the State Department to reverse itself overnight.

Mr. PASTORE. Does not the Senator from Vermont believe that we are entitled to know tonight before we vote?

Mr. AIKEN. Last night I was informed by a representative of the State Department that the department still favored the provisions of this amendment. Today we understand that the administration does not favor them. I say again, if we cannot be sure of the policies of our State Department, and whether the department is going to stand on them overnight, how can we expect a representative of a foreign

country to believe in them? I am shocked and amazed at the development.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. KNOWLAND. I believe the situation is very clear. So far as the Battle Act is concerned, as a separate piece of legislation, the administration would favor some amendments to the Battle Act. They do not believe such amendments are proper as a part of the Mutual Security bill.

Mr. AIKEN. It is clear to me that the administration is not favoring the amendment, because the administration will never have a better chance to have it adopted than now. I have heard rumors flying around on Capitol Hill and elsewhere to the effect that they are not going to get an adequate appropriation unless they agree to eliminate this proposal from the bill. I did not want to believe this rumor. People asked me about it, and I said that it was not so. I knew it could not be so. I may have been mistaken.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. PASTORE. The junior Senator from Rhode Island is waiting with a very attentive ear to find out what the position of the administration is at a quarter to 8 on the evening of June 5.

Mr. KNOWLAND. I have stated the position of the administration. They do not believe that the amendment should be a part of the mutual-security bill.

Mr. PASTORE. Is the Senator saying that the administration is recommending a vote against the amendment?

Mr. KNOWLAND. The administration does not favor this amendment as a part of the pending bill. If it comes up as a separate piece of proposed legislation, the administration would favor modifications of the Battle Act.

Mr. KENNEDY. That is a complete reversal in 24 hours of the position of the Department of State. The Senator from California knows that this was in the confidential print of the amendments which was available to all members of the Committee on Foreign Relations, and the State Department helped to draft the language. The words underneath the amendment when it came before the committee—and the Senator is a member of that committee—quite clearly indicated that the Department was in favor of it. Up to 2 days ago it was my understanding that the administration was in favor of the program. I heard yesterday that, because of the strong feeling against the amendment by some influential Senators, the Department of State would take no position; that the Department favored it but would take no position as to whether it should be in the bill. Today the position has been reversed and it is clearly against the amendment in the bill. I think that is a great mistake.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. AIKEN. I hope the Senate will think of the harm that could be done to the prestige of the United States by

this reversal of a position overnight. I say again, if the Senator from Massachusetts and I cannot tell what the policy of our State Department and of our administration is, how can we expect officials of foreign countries to understand them?

Mr. SMITH of New Jersey. There seems to be a great deal of confusion in connection with this matter. I know a good deal about it, because I have been in touch with the State Department. The State Department and the President are in favor of the approach of the so-called Kennedy amendment. I believe in it, and I voted for it in committee. I shall vote for that position again this evening.

In other words, I oppose the amendment of the Senator from California, much as I respect and love my colleague. I believe there is a misunderstanding about this matter. The administration favors this approach of greater flexibility for the President in dealing with the countries involved. Let us get that clear. However, there was a question whether it was appropriate to bring it up in this bill or to bring it up as an amendment to the Battle Act. The Senator from California is correct in saying there is some question in the President's mind as to whether it should be brought up in connection with the pending bill, or separately as an amendment to the Battle Act. However there is no question about the administration's position in favoring this type of legislation in order to give the President flexibility in dealing with this very difficult problem.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. PASTORE. The junior Senator from Rhode Island is becoming more and more confused. We have been told by the distinguished minority leader that the administration prefers not to have the provision included in the pending bill.

Mr. SMITH of New Jersey. I respectfully do not agree with the Senator from California on that point. My feeling is that the administration is not taking a position that it feels it is a legislative matter on which we will have to exercise our judgment, that is, whether it should be handled by an amendment to the Battle Act or as an amendment to the pending bill.

Mr. PASTORE. I hope the distinguished Senator from New Jersey recognizes the fact that, after all, the Secretary of State and the President of the United States are in the best position to tell us exactly what this means to the future peace of the world.

Most of us here consider this kind of amendment rather obnoxious. Most of us agree with the Senator from California and the Senator from New Hampshire that we do not want to do anything to sustain and support the Warsaw Pact. I feel as they do.

But, after all, I like to do what is best for my country, for its security, and for the peace of the world.

Even though this action may look strange, even though it may have certain features which might not be pleasing

to the Members of the Senate, if the President of the United States, speaking as the President, says, "I feel that for the welfare of the Nation and the peace of the world, you should support the amendment," do not Senators think that we are entitled to know that position? Should not some Senator on the other side of the aisle stand up and say categorically that President Dwight Eisenhower is either for or against the amendment?

Mr. SMITH of New Jersey. I would not say it was proper for me to say exactly what the President feels.

Mr. PASTORE. I understand there was a meeting at the White House this morning concerning this amendment.

Mr. SMITH of New Jersey. I think the President is in favor of the purpose of the amendment, and he feels he would like to have the flexibility to deal with the other countries, since he thinks in terms of the security of the United States. I think that is a perfectly clear position; I see no difficulty about it.

Mr. PASTORE. Is it fair for the junior Senator from Rhode Island to assume that if he votes for the Kennedy amendment, he will be applauded for that action by the President of the United States?

Mr. SMITH of New Jersey. The senior Senator from New Jersey, who is a staunch supporter of the President, will vote for the committee amendment and against the Knowland amendment.

Mr. PASTORE. I thank the Senator from New Jersey. On his assertion, I shall support the President of the United States.

Mr. SMITH of New Jersey. I thank the Senator from Rhode Island.

Mr. AIKEN. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I had taken my seat.

Mr. AIKEN. Is not the Senator's understanding of the purpose of the amendment that it is to give the President the authority to assist any satellite country which may seek to divorce itself from the Soviet orbit, and that the responsibility for any such action will rest upon the President himself? We either have confidence in the President or we do not have confidence in him.

Mr. SMITH of New Jersey. I agree with the Senator from Vermont absolutely. That is exactly what we who are supporting the committee amendment offered by the Senator from Massachusetts want to do.

Mr. AIKEN. I shall support the amendment which was inserted by the Committee on Foreign Relations after due and lengthy consideration of the circumstances.

Mr. SMITH of New Jersey. All of us considered the amendment very fully. I shall stand by the position taken by the committee.

Mr. AIKEN. I thought we should have the purpose of the amendment set forth in the RECORD. The purpose is to enable the President to assist any country which is now under Communist domination or in the Communist orbit, should that country seek to divorce itself from the Soviet regime.

Mr. SMITH of New Jersey. We want the people of those countries to feel that the United States of America is sympathetic toward their aspirations to get away from Soviet domination. If this course permits it, then the President wants to have the flexibility to carry it through.

Mr. AIKEN. We are not sentencing them to live under Communist domination forever.

Mr. KNOWLAND. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. KNOWLAND. To the contrary, the issue is exactly the opposite to that, in my judgment.

The issue is not whether the people have disassociated themselves from the Communist orbit or the governments of Gomulka in Poland, Kadar in Hungary, and the governments of the other satellite countries, which today are members of the Warsaw Pact and are in a military alliance with the Soviet Union. The issue is whether we shall open the door to economic aid to those Communist-dominated countries. That is the basic issue. There is not one scintilla of evidence that it is necessary for those countries to disassociate themselves from the Warsaw Pact and from their military and economic alliances with the Soviet Union.

Those countries can get aid, as indeed the Gomulka Government of Poland received aid while it was still a member of the Warsaw Military Pact.

Perhaps, in the judgment of some persons, that is a wise thing to do. But I say, from a deep sense of conviction, that I think it is detrimental to the future of the United States of America. I think it is detrimental to the future of a free world of free men for us to start to bolster the economic systems of communism; to make slaves happy with their masters; to make them feel that communism is working in those countries by the aid of the dollars of American taxpayers.

If any Senator feels it is wise today to embark upon a program of aiding Communist countries economically, to build them up economically, and thus to strengthen them militarily, he will have a chance to vote that way when the roll is called.

But I have a deep conviction to the contrary. I feel that to provide such aid will be detrimental to the free world; that it will be a great and devastating blow to millions of people behind the Iron Curtain, because they will think it means the stamp of approval on the part of the free people of the United States of the various Communist regimes. I think it will be detrimental to many of our friends who have stayed outside the Communist orbit, but who will say, "We might just as well have entered into a Communist alliance, because the Communist satellites will be treated or can be treated just as well as the nations which have stayed outside the Communist orbit."

As for me, I want no part of it.

Mr. BRIDGES. Mr. President, this discussion reminds me a good deal of

what transpired prior to World War II, when I, together with other Senators, pressed for an amendment to stop the shipment of scrap iron and steel to Japan. The administration then in power said, "Oh, no; we must not offend that friendly power. We will never have any trouble with Japan." The insistence of the administration prevailed, and the amendment proposed by me and other Senators was rejected. The strategic materials were shipped to Japan, and they came back to us in the bodies of American men.

The issue is not where the administration stands on this matter. I care not where any other Senator stands on it. I can make my own decision. I will not have it said next year, 5 years from today, or 10 years from today, a period the junior Senator from Massachusetts has mentioned, that I had any part in aiding the Communists.

I was right in urging preparedness prior to World War II; I shall do the same today. I am not inquiring where Secretary Dulles or the administration or anyone else stands. Each United States Senator must take his own position on the question. So far as I am concerned, I am willing to take my position, and a year from today I will be proud of it; 5 years from today I will be proud of it; 10 years from today I will be proud of it.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. PASTORE. The distinguished Senator from New Hampshire, for whom I have the greatest admiration, knows that I voted with him on the question of aid for Yugoslavia. But there is no Senator in the Chamber who is more perplexed and confused by this matter than I. I believe exactly as do the Senator from California and the Senator from New Hampshire that if I can with safety vote against the amendment, that is precisely what I want to do, because I am not in favor of giving any aid to Tito, Khrushchev, or anyone else who belongs to that ilk or gang.

But, after all, it must be admitted that the situation is rather perplexing when the distinguished Senator from New Jersey [Mr. SMITH] says, "My administration and my President will applaud you for the action of supporting the amendment."

I ask the Senator from New Jersey: Who is in a better position to know what the future of America and the destiny of the world and the peace of the world might be tomorrow than is the President of the United States or the Secretary of State? Are they in a better position to know this than we are? They have more information at their disposal than we have?

After all, we have to realize that somewhere along the line we must take the word of someone else; and I am willing to take the word of my President, whether he happens to be a Republican or a Democrat. He stands before the people of the country and urges support of the committee amendment through his Secretary of State.

Shall I consider his viewpoint lightly? Shall I say, "No; I will refute you and rebuke you and use my own judgment, because I am afraid that, by chance, 5 years from today you may be wrong"? Or shall I stand up and sustain him in meeting the responsibilities of the moment and the responsibilities of tomorrow? That is the question which faces us today.

Of course it is easy enough for one to say, "I am opposed to communism"; and of course it is easy enough for one to say, "I am opposed to all these programs." Of course it is always easy to be on the popular side; and certainly that is the popular side.

But the question facing us tonight is whether we shall take our position on the right side; and who is in a better position to tell us tonight which side is the right one than the President of the United States?

So I am interested in knowing exactly where the President stands on this matter, in the interest of our national defense.

Mr. BRIDGES. Mr. President, if the Senator from Rhode Island votes for the amendment which will strike that provision from the bill, he will be on the right side. I do not know, however, that it will be the popular side, for I believe the committee amendment probably will carry. Those of us who oppose the committee provision are taking the unpopular side, but if the junior Senator from Rhode Island wishes to be on the right side, there is no question as to how he should vote. Nor is there any question as to how any other Senator who wishes to be on the right side should vote.

I say it makes no difference to us how the administration may stand on this matter. The question now before the Senate must be decided by each Senator for himself, and he must bear the responsibility on his own shoulders and on his own conscience. Then, as the months and the years pass, let us see who is proven to be correct. I am willing to gamble on that.

The distinguished junior Senator from Rhode Island has made a very courageous record here; and I believe he will maintain that record when he votes in the way I have stated.

Mr. PASTORE. Mr. President, will the Senator from New Hampshire yield further to me?

Mr. BRIDGES. I yield.

Mr. PASTORE. If this item related to military aid, I would be unequivocally against it. But this item relates to loans, as I understand, and to sales of surplus agricultural commodities and to economic aid. A very strong plea has been made from time to time, and has emanated from the White House, to the effect that if we do not leave this door open, so as to give some encouragement which might result in weaning these people from the Soviet orbit, we may have lost our chance for all time. That is a serious question, and involves heavy responsibility.

Like the Senator from New Hampshire, I, too, have a heart and a soul and

a mind; and I am willing to live up to my responsibility. I believe that the vote which I shall cast on this question may not be a popular one. But I believe that in voting that way I shall be voting to sustain the hand of the President of the United States, who, in connection with these matters, bears the heavy responsibility which is that of the President of our country. Furthermore, in taking that position, I shall be supporting the position taken by a Republican President. Am I wrong about that?

Mr. BRIDGES. No, the Senator from Rhode Island is not wrong—at least, insofar as I am informed.

Mr. KNOWLAND. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. KNOWLAND. The fact is that no recommendation on this item came to the Congress from the White House. If the administration had favored it as a part of the mutual security bill, in my judgment the administration would have proposed it as a part of the measure.

Second, does not the Senator from New Hampshire agree that the military power of a nation is not limited to fighting planes, guns, tanks, and ammunition; but that, instead, the capability of a nation to conduct aggressive warfare also depends on its railroads, the number of locomotives it has, the number of trucks it has, and the number of machine tools at its disposal, which can be used in connection with warfare; and that as the economic conditions of countries which are satellites of the Soviet Union are improved—and in that connection we have had, in the past ample testimony, that the Soviets have taken from Poland large amounts of coal to be used in manufacturing plants in the Soviet Union, and have taken other supplies which can be used to aid the warmaking potential of the Soviet Union—and as we use the dollars of the American taxpayers to strengthen the economies of these countries, we strengthen their warmaking potential just as much as if we were to send them 10,000 rifles or 1,000 machine guns or 100 tanks?

Mr. BRIDGES. I agree with the Senator from California.

Mr. KNOWLAND. Next, is not the Senator from New Hampshire aware that no provision of Public Law 480 prevents the American people from making our surplus agricultural products available to hungry people anywhere in the world? Under our programs, such relief can be sent to hungry peoples anywhere. Certainly the American people have always been generous. During the 1920's, Mr. Hoover, who later became President of the United States, was sent to the Soviet Union itself, to help feed hungry people; and Americans will always do all they can to help those who are hungry. But that is a much different situation from building up the economies of countries which have Communist governments, and making the people of such countries believe that communism is working successfully, and that, there-

fore, they will do well to continue to live under it, and that they should be satisfied with it.

Mr. BRIDGES. I agree with the distinguished Senator from California.

Mr. MUNDT. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. MUNDT. Mr. President, I am very much interested in the Senator's recital of our previous experience in connection with sending scrap iron to a potential enemy.

The Senator should have pointed out, also, that in those dark days we were doing what apparently it is proposed that we do now, namely, assist both sides. In those days we were lending money to one side, and were sending scrap iron to the other side; and of course we soon got into war.

I am not aware that we have become so flush, financially, that we should now wish to try that arrangement all over again.

Today, we have a mutual security program; and we plan to use hundreds of millions of American dollars to shore up the forces of freedom. But if we are going to spend large sums of our money to shore up communism, we might better call off the whole show, and spend our money here at home, because before, when we supported both sides, the whole thing got out of balance, and war came.

Certainly I do not believe that any Member of the Senate favors the Communist side. And certainly I do not think the Senate should do anything which would aid and support and abet Communists.

I do not care particularly what position the President has taken in this connection.

I listened with great enjoyment to the clever arguments which were made by my friend, the Senator from Rhode Island. In that connection, let me say that I do not know what kind of President one would expect to say, "I find that I cannot trust my own judgment."

Mr. President, after all, this is only a question of whether the Members of Congress believe, in their own minds, that such aid should be given to the Communists, or whether the Congress should leave that matter to the President. Of course the President does not want to give aid to the Communists.

Let me say that I am not concerned about whether the President or the Secretary of State has requested that this provision be included in the law. After all, Senators, too, have a capacity to think. They know the significance of their votes; and they know the implications of what they do; and they have to accept some responsibility for it.

This is a rather important decision, because not only does it involve the spending of the money of American taxpayers, but it also involves an attempt to strengthen the side of the world in which all of us believe; namely, the free side.

I happen to have been a member of a congressional committee which investigated the operations of the Battle Act, and held long hearings in that connection and took much testimony. The

whole weight of the evidence there was that the Battle Act was not strong enough, and that too much twilight material was creeping into Communist hands. Certainly at that time the United States was not shipping to the Soviets bombs, bazookas, planes, guns, and other materials of war. But even Solomon himself, if he were living today, could not decide what is really a non-military type of aid in the situation in which we now find ourselves. Militarily, almost any tool, almost any export, can be used to strengthen the side of a potential enemy.

At least so far as I am concerned, I am not going to worry about whether the President or the Secretary of State said "yes" or said "no." I am rather convinced that they cannot be very much "steamed up" about this matter, because they never sent a message on it to the Congress; and they never proposed that the appropriate congressional committees hold hearings on amendments to the Battle Act; and they never went through the procedure by means of which the Congress passed the act in the first place, namely, public hearings, and the taking of testimony, not only from the Secretary of State, but also from those in the Pentagon who are charged with the defense of our country.

The hearings held then by the appropriate congressional committees did not amount to a sideshow. The Congress passed that bill after making full use of the normal congressional procedures; and I do not propose to vote to repeal that act as a part of a sideshow tonight.

Mr. BRIDGES. Mr. President, the effort to "butter up" both sides, as this item would do, reminds me of a situation which existed a number of years ago in the Appropriations Committee.

Mr. President, let me say that I hope I may have the attention of all my colleagues, because I should like to have all of them hear the story I am about to relate.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The Senate will be in order.

Mr. BRIDGES. Mr. President, again I say that I should like to have the attention of all my colleagues.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Wisconsin and the Senator from Massachusetts will refrain from conversation.

Mr. WILEY. Mr. President, I wish to inform the Chair that I am in order. Certainly the Chair has not heard my voice. Certainly I have a perfect right to speak to the distinguished Senator from Massachusetts at the same time that I am listening to the distinguished Senator from New Hampshire, who has the floor.

Let me say that I also wish to be heard on this matter.

I desire to say, furthermore, that what I was trying to do was make an arrangement so that I could attend the dinner for President Heuss, of the Republic of West Germany, and then return to the Senate. Can I have an understanding with the minority leader that there will not be a vote until, say, 10 o'clock tonight?

SEVERAL SENATORS. No! No! No!

Mr. KNOWLAND. I remind the Senator that we on this side of the aisle sit in minority. The program of the Senate is determined by the distinguished majority leader. I can give the Senator from Wisconsin no such assurance.

Mr. WILEY. Will the minority leader collaborate?

The PRESIDING OFFICER. The Senator from New Hampshire has the floor. Does the Senator from New Hampshire yield to the Senator from Wisconsin?

Mr. BRIDGES. Does the Senator from Wisconsin desire the floor?

Mr. WILEY. Does the Senator from New Hampshire want to give me the floor? I shall be very happy to express my views, if the Senator will give me the time to do so. I feel there should be some representation of the Senate at the dinner for the President of West Germany. Three Senators have already sent their regrets.

Mr. President, I have expressed my views twice on the floor with respect to the Knowland amendment. I shall State briefly how I feel.

The world in which we now live is a different world from one we have known heretofore. Conditions have greatly changed. That matter was discussed at the White House this morning, and I shall not go into the details. The minority leader spoke, and I spoke. I expressed by views, as I have expressed them before, and other views were expressed.

In a world of pushbutton mechanism, the Executive must have the authority to do that which is necessary.

The bill does not say the President is to help the Communists.

A few days ago, when we heard testimony from an Under Secretary of State, I asked him, "Do you think the Polish people are Communists?" He said, "No." I asked him, "Do you think the people of East Germany are Communists?" He said, "No."

According to former President Aehrenbauer, the evidence shows that if the East Germans had a chance to vote freely, 95 percent of them would vote with the West.

We are living in a world of constant crises. We must have the tools to meet them. The President cannot, in a pushbutton world, consult Congress and say, "Now, I want you to consider this problem." Such a procedure may have been satisfactory in the days before Pearl Harbor; but now if hostilities should break out, there would not be a Washington. One H-bomb would wipe out the Nation's capital and also New York.

The bill simply provides that the act—

Shall not be deemed to prohibit furnishing economic and financial assistance to any nation except the Soviet Union, Communist China, and North Korea—

Listen—

whenever the President (the Executive this country) determines that such assistance will strengthen the security of the United States.

Those are the vital words.

I repeat, in this pushbutton age the President will not be able to sit down

and determine a solution in consultation with a lot of people. The President must have the facts and must be able to act quickly.

Who will say that the peoples of the Baltic States—those wonderful people—are Communists? Who will say that the people of Finland are Communists? Fine people have come from Yugoslavia. As was stated the other day, Tito has not gone into the Russian orbit. Because of our assistance, he has stood up against the Russians. If he had gone into the Soviet orbit, what would have happened to Greece and the other countries in that area?

Let us go back to the simple language of the bill:

Whenever the President determines that such assistance will strengthen the security of the United States.

That is the nub of the whole matter.

Senators talk about the President's giving away billions upon billions of dollars to Communist peoples and nations. Nothing like that is suggested, and there is no appropriation authorization covering such expenditures. There is no thought of money going in any specific direction. What is intended is that if and when there arises a certain situation which requires action the President will be able to do what, in his judgment, he thinks is the right thing to do. In my humble opinion, that is the answer to the problem. That is the reason why I was for such a provision in committee. That is the reason why the committee was for it.

Of course, Senators may indulge in long tirades about not having any confidence in the President or in the present Government. Yet the people who elected the President did so for a purpose. Now, will we take away or will we give authority to the President to act in emergency situations, which authority is needed in the interest of the United States? In my humble opinion, we should give the President such authority. That, to me, is the answer to the question.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. WILEY. Yes.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. MORSE. Will the Senator from New Hampshire permit me to ask the Senator from Wisconsin a few questions?

Mr. BRIDGES. Yes.

Mr. MORSE. I want to say to the Senator from Wisconsin that he has done a fine job on the substance of the Kennedy proposal in respect to the Battle Act now before the Senate. However, I think he was quite mistaken in respect to his observations a few minutes ago when he resisted the ruling of the Chair requesting that he cease talking to the Senator from Massachusetts while the Senator from New Hampshire [Mr. BRIDGES] had the floor. I intend to discuss that parliamentary issue later. At this time I wish to ask the Senator from Wisconsin a few questions about the Kennedy proposal to modify the Battle Act.

Does the Senator from Wisconsin recall the discussion of this matter in the Foreign Relations Committee?

Mr. WILEY. In what particular?

Mr. MORSE. In respect of the point made by some members of the committee to the effect that we spend large sums of money each year trying to get behind the Iron Curtain, in a good many areas, by various indirect devices including underground techniques? Does the Senator recall that discussion in the committee? Does he recall that the point was made that if, in the opinion of the President, it would be helpful to the security of the United States and to the welfare of the people in a Communist satellite country to make loans or provide economic assistance to people behind the Iron Curtain our Government should be empowered to do it? Does the Senator recall the point of view expressed in committee that such economic help directly to the people behind Iron Curtains might be one of the best ways of breaking down Communist influence behind the Iron Curtain? Does the Senator recall that most of us agreed that the question could not be determined until a specific fact situation in each instance was presented to the President for consideration?

Mr. WILEY. Not specifically, but if the Senator says that took place, I will agree with him, because I remember I was in and out of the committee room a great deal. I had to attend meetings of the Committee on the Judiciary. Let us assume that what the Senator has said is a verity.

Mr. MORSE. I make these observations in question form to supplement the Senator's argument. The Senator from Massachusetts will recall the discussions to which I refer, because he and I participated in committee along with the Senator from Vermont in developing such observations and arguments. We thought we ought to have such a policy available for the President. If he decided on the facts of a given fact situation that economic aid to people living behind an Iron Curtain was the best way to spend American money to get behind the Iron Curtain, we ought to give him that discretionary power. We pointed out that each year we spend great sums of money by indirect devices to reach the people behind the Iron Curtain in an attempt to demonstrate to them that our capitalistic economy with its economic and political freedom of choice for the individual is far superior to Communist enslavement.

I have made these comments because I think they should be offered for the record in supplementation of the able remarks of the Senator from Wisconsin.

When we have finished this discussion, Mr. President, I want to ask a few parliamentary questions with respect to the rules of the Senate of the United States which I believe the Senator from Wisconsin [Mr. WILEY] overlooked in his reactions to the ruling of the Presiding Officer a few minutes.

Mr. AIKEN. Mr. President, will the Senator yield for an explanation relating

to the point raised by the Senator from Oregon?

Mr. BRIDGES. I yield to the distinguished Senator from Vermont.

Mr. AIKEN. I recall such a discussion did take place in the Committee on Foreign Relations. A point was raised: Why do we constantly complain and lament about Russian infiltration in Latin America while we at the same time guarantee we will not do the same thing over there? That seems to me to be a good question.

I support this proposal because I feel one of the greatest potential assets we have in our fight for democracy is the desire of the people whose countries have been members of the Warsaw Pact over the years to recover a degree of freedom which they have not been permitted to enjoy. The reason I feel keenly about the matter is that I do not want to sentence those countries to remain members of the Warsaw Pact if some economic assistance from us at the right time, to be determined by the President, can be given to help them obtain independence. I admit a great deal depends upon the President, but I think we should give the President the power, so that if the proper time should come he would be free to act and act quickly.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the distinguished Senator from South Dakota.

Mr. MUNDT. I was interested in the arguments advanced by the Senator from Wisconsin, which are so wholeheartedly supported by the distinguished Senator from Oregon, as to the reasons why the Senator felt the Knowland amendment should be defeated. It seems to me the arguments either prove too much or prove too little.

The provision reads that the "act shall not be deemed to prohibit furnishing economic and financial assistance to any nation except—"

I am curious about that exception, on the basis of the argument advanced by the Senator from Wisconsin. The Senator from Wisconsin said that he favors the language of the committee bill, for two reasons.

One reason was that the people of Poland are not Communists and the people of East Germany are not Communists. I accept that reasoning. The Senator must certainly know, however, that the people of Russia are not Communists. Certainly nobody alleges that the people of Communist China are Communists. I suspect that the people of North Korea are not Communists.

That being true, I wonder why there is the exception, because the exception does not gibe with the argument. If we are going to make economic aid available to people who are not Communists, we have to make it available to every country in the world, because there is not a country in the world which has a majority of people who are Communists.

Vishinsky himself told me one night in the Kremlin, when I asked him the direct question, "How many Communists have you here?" that there were 5 million. I registered surprise. He

thought that I registered surprise because there were so many. I was surprised that the ruling party had so few Communists. At that time there was a population of about 175 million in Russia, but there were only 5 million in the ruling party. He said, "There are 5 million, but that is too many. We had to bring in the People's Home Army in Moscow. We had to bring in the defenders of Stalingrad. We had to bring in the defenders of Leningrad. We had to bring in a number of people who have not been thoroughly indoctrinated. We hope to reduce the number."

Russia has grown somewhat since then. I suppose Russia now has 190 million or 200 million people. Perhaps there are 5 million, 6 million, 7 million or 8 million Communists. Certainly no member of the Committee on Foreign Relations will stand on the floor of the Senate and try to tell us that most of the people of Russia are Communists, or that most of the people of Communist China are Communists.

The second argument the Senator advanced was that certainly we can trust the President of the United States not to give aid to a country unless he considers it beneficial to our interest. Certainly we can trust the President of the United States, said the Senator from Wisconsin, not to give aid to a country which is under the control of the Communists.

If we can trust the President of the United States with respect to Poland, why is it the Foreign Relations Committee cannot trust the President with respect to Russia? Does our confidence in the President stop short of Russia? If we can trust the President with respect to East Germany, why not trust the President with respect to China?

A strange line of tortuous reasoning comes from the chambers of the Senate Committee on Foreign Relations. We have every confidence in the President when he is dealing with Poland, but no confidence whatsoever in the President when he is dealing with Russia.

Mr. BRIDGES. This is the Congress in which we serve. The legislative body has the responsibility for making the law.

Mr. MUNDT. Precisely.

Mr. BRIDGES. The Senator is quite correct in his assumptions. We have laws which prohibit certain things but which also authorize certain things. If we are going to waive the laws and say, "You do not need any restrictions or prohibitions" and place all such matters in the trust of some individual, whoever he may be, we should put the entire trust in him. In other words, if we trust him a half-inch, we should not refuse to trust him a full inch.

Mr. MUNDT. It certainly has no appeal to me in the consideration of logic to use arguments which do not separate the kind of folk in whom we have confidence from the kind of folk in whom we do not have confidence. There is nothing in the argument, if we accept its basic theory, which justifies the exception the Committee on Foreign Relations specifically wrote in the bill. If one does not accept the theory which caused the exception to be written, then one should

not accept the theory when it deals with Poland and other countries.

The difficulty is that in the good old-fashioned days we thought of the United States Senate as a body, in the making of foreign policy, which gave its advice and consent.

Mr. President, we are going to give some advice tonight. That is what we are called upon to do. That is our constitutional responsibility. It is something we cannot duck. We cannot shed this off on poor old John Foster Dulles, who has plenty of other problems. We cannot say, "I will let the President guide me this time as to what my counsel shall be."

My job and the job of every other Senator is to stand up on his two legs as a Senator and advise. If the concept of counsel is that we should advise in accordance with the advice we get, we might as well be Members of the House of Representatives, since those Members do not even advise. That is our job; it is our responsibility.

I think there are arguments on both sides, but I am not very much impressed by arguments which, when applied to the case, do not justify the exemption of the Soviet Union, Communist China, or North Korea.

If the members of the Committee on Foreign Relations believe in their thesis, they should strike out the exception. If the members do not believe in their thesis, let us keep our guard up and advise the President not to spend the taxpayers' money to help Communist countries.

Mr. BUTLER. Hear! Hear!

Mr. MORSE. Mr. President, will the Senator from New Hampshire yield to me so that I may propound a parliamentary inquiry or two?

Mr. BRIDGES. I yield for that purpose.

Mr. MORSE. Mr. President, I propound these parliamentary inquiries in the most kindly spirit. I propound them because I was in part an offender at the time the particular incident arose on the floor of the Senate a few minutes ago to which I wish to refer.

I point out most respectfully that unless we are always on guard in protecting the procedures of the Senate and the rules of the Senate we shall lose our rights thereunder.

In referring to the specific instance of a few minutes ago I assure my colleagues that I am not at all personal about the matter. I assured the senior Senator from Wisconsin, before he left the floor, that I was going to make a few comments on this matter but that there would be no personal reflection intended whatsoever.

We are coming to the time of the year when we will be working a good many nights here on the floor of the Senate. We all know that night sessions sometimes bring with them tensions. In order to keep the RECORD straight, so that the particular incident to which I am referring can never be used as a precedent as it now stands in the RECORD, I raise these parliamentary inquiries.

Mr. President, under the rules of the Senate, when a Senator has the floor

and the Presiding Officer discovers that there is sufficient conversation on the floor of the Senate, or disorder and confusion on the floor of the Senate, so that in his opinion the Senate is not in order, does not the Presiding Officer, under the rules, have the right and duty to call the Senate to order?

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the Chair has such authority, if any Senator is in violation of the rules. The Parliamentarian calls the attention of the Chair to page 26 of the Senate Manual. Paragraph 6 of rule XIX reads as follows:

Whenever confusion arises in the Chamber or the galleries, or demonstrations of approval or disapproval are indulged in by the occupants of the galleries, it shall be the duty of the Chair to enforce order on his own initiative and without any point of order being made by a Senator.

Paragraph 4 reads as follows:

If any Senator, in speaking or otherwise, transgresses the rules of the Senate, the Presiding Officer shall, or any Senator may, call him to order; and when a Senator shall be called to order he shall sit down, and not proceed without leave of the Senate, which, if granted, shall be upon motion that he be allowed to proceed in order, which motion shall be determined without debate.

It is the understanding of the Chair that in this case the Senator from New Hampshire [Mr. BRIDGES] called for order. It was not on the initiative of the Chair that order was called for in that particular instance.

Mr. MORSE. I was coming to that. I point out that the Senator from New Hampshire, the speaker at the moment, was being interrupted by disorder on the floor of the Senate. The Senator from New Hampshire [Mr. BRIDGES] called for order. The senior Senator from Oregon was guilty along with other Senators including the Senator from Wisconsin [Mr. WILEY]. I happened to be seated at the time, but I was engaged in conversation with two other Senators who were seated along side of me. I apologize to the Senator from New Hampshire for that conversation because it added to the disorder which made it difficult for the Senator to proceed with his speech. Other Senators were conversing, but that did not excuse me. The Senator from Wisconsin was standing up in the middle aisle talking to the Senator from Massachusetts, who was seated. When the Senator from Wisconsin continued to talk after the Presiding Officer called for order the Chair politely asked him to take his seat.

My next parliamentary inquiry is this: In carrying out the duty of the Presiding Officer under the rules just read, if he finds that a Senator is out of his seat and conversing with another Senator on the floor of the Senate, and he has called for order in the Senate, and the conversation continues, does the Presiding Officer have the right to ask the particular Senator, who is out of his seat and engaging in conversation by way of interrupting the speaker, to desist? Does the Presiding Officer have the right to call upon that Senator specifically, by name, to desist his conver-

sation and take his seat or retire to the cloakroom?

The PRESIDING OFFICER. The Parliamentarian advises the Chair that that is clearly implied by the paragraphs read by the Chair.

Mr. MORSE. My next parliamentary inquiry is this: If the Senator who has been requested to desist then proceeds to speak without having been recognized, and without having the right to the floor at that time, and is thereby interrupting the speaker who has the right to the floor, is the Senator who does the interrupting out of order?

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the Senator would be out of order in such a situation, and the Chair would be empowered to call upon the Sergeant at Arms to preserve order in the Senate.

Mr. MORSE. Mr. President, I think I have made the RECORD clear, so that the incident of a few minutes ago involving the Senator from Wisconsin [Mr. WILEY] can never be cited as a precedent justifying the interruption of a speaker when the Senator interrupting has not been recognized by the Presiding Officer.

Mr. BUTLER. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. BRIDGES. I yield.

Mr. BUTLER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUTLER. When a Senator speaks, should he not speak from his own desk?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that there is nothing in the rules covering that question.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Does the Senator from New Hampshire yield to the Senator from Ohio?

Mr. BRIDGES. I yield.

Mr. LAUSCHE. I have listened for the past 2 hours to the discussions about what should be done concerning the amendment offered by the Senator from California [Mr. KNOWLAND].

My belief is that practically everywhere the people themselves are not Communists. It is suggested that greater flexibility be given to the President in determining whether economic aid shall be given to Communist governments.

I like to get the benefit of what the administration thinks; but there are times when, after considering what the administration may think, one reaches the conclusion that he cannot subscribe to its views.

In my belief, giving economic aid to Communist governments perpetuates the existence of such governments. My belief is that the Communist government in Yugoslavia has continued in existence because of the fiscal aid which our country gave to Tito.

My belief also is that the moment we give financial aid to a Communist government we indefensibly mislead the people living under such government. In effect, we say to them, "There is a friendship between the liberty-loving

Americans and the Communist government under which you live." That technique has been adopted by the Communists.

I know whereof I speak, because as mayor of Cleveland, and even as Governor of Ohio, I was called upon to make speeches in the Slovenian language to Yugoslav people. In front of me and behind me there were men of ultrared leanings. I was speaking between them. The purpose was to say, "Frank Lausche, the mayor of Cleveland, speaks to the Yugoslav people in the Slovenian language." But preceding me and following there were men of ultrared color.

I repeat that in my judgment, giving economic aid to Communist governments perpetuates them in office. Economic cracks occur in such nations. Pressure is applied because of the lack of food, clothing, and other things which the ordinary citizen wants. We give those governments money to prevent the cracks from breaking open wider, and we dupe the people by saying, "Believe in your government, because we are giving it financial aid." To the extent that we give such aid, we spare the Soviet people the burden of giving it to them.

One word further, and I shall close. If we are to give the President the latitude which has been suggested, I subscribe to the words of the Senator from South Dakota [Mr. MUNDT]. Let the President decide, with respect to all Communist governments, whether such aid shall or shall not be given. I cannot bring myself to the conclusion that we are justified in giving fiscal aid to governments which openly and avowedly declare that, "When the crucial time arrives we, as believers in communism, will stand together fighting the people of the free nations of the world."

I ask my colleagues, whether in Yugoslavia or in Poland, what has been the word of the men in charge? They have said, "We will take your fiscal aid, but we lift our hands high and swear fidelity to communism."

That is the way it seems to me. On that basis, I shall vote for the amendment offered by the Senator from California.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. REVERCOMB. I have listened with great interest to the persuasive arguments of the able Senator from New Hampshire. If the amendment offered by the Senator from California is adopted, and there is thereby deleted from the bill the committee amendment, where would that leave us with respect to a prohibition upon the expenditure of money for Communist governments? In other words, if we delete the language from the bill, where will we stand? I ask that that be stated in the RECORD at this point, so that we may know the effect of the law as it exists today upon the advancing of funds in any way to Communist governments.

Mr. BRIDGES. It would stand just where it is today, as the Senator knows. I do not have a copy of the Battle Act before me, but we can send for it, and I can then give the precise information to the Senator, if he desires it.

Mr. REVERCOMB. I am asking that the information be placed in the RECORD during the discussion at this time, because I believe it would be a very helpful part of the history of the debate. I believe it ought to be placed in the RECORD at this point because as I understand there is a prohibition against advancing money to Communist governments, and that ought to be the effect of it.

Mr. BRIDGES. I have before me the text of the Control Act of 1951, Public Law 213, of the 82d Congress, approved October 26, 1951. I ask unanimous consent that the text of the whole act, which is lengthy, be placed in the RECORD at this point.

There being no objection, the text of the act was ordered to be printed in the RECORD, as follows:

TEXT OF THE MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951 (H. R. 4550), PUBLIC LAW 213, 82D CONGRESS (65 STAT. 644), APPROVED OCTOBER 26, 1951

An act to provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes

Be it enacted, etc., That this act may be cited as the "Mutual Defense Assistance Control Act of 1951."

TITLE I—WAR MATERIALS

SEC. 101. The Congress of the United States, recognizing that in a world threatened by aggression the United States can best preserve and maintain peace by developing maximum national strength and by utilizing all of its resources in cooperation with other free nations, hereby declares it to be the policy of the United States to apply an embargo on the shipment of arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to (1) increase the national strength of the United States and of the cooperating nations; (2) impede the ability of nations threatening the security of the United States to conduct military operations; and (3) to assist the people of the nations under the domination of foreign aggressors to reestablish their freedom.

It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

This act shall be administered in such a way as to bring about the fullest support for any resolution of the General Assembly of the United Nations, supported by the United States, to prevent the shipment of certain commodities to areas under the control of governments engaged in hostilities in defiance of the United Nations.

SEC. 102. Responsibility for giving effect to the purposes of this act shall be vested in the person occupying the senior position authorized by subsection (e) of section 406 of the Mutual Defense Assistance Act of 1949, as amended, or in any person who may hereafter be charged with principal responsibility

for the administration of the provisions of the Mutual Defense Assistance Act of 1949. Such person is hereinafter referred to as the "Administrator."

SEC. 103. (a) The Administrator is hereby authorized and directed to determine within 30 days after enactment of this act after full and complete consideration of the views of the Department of State, Defense, and Commerce; the Economic Cooperation Administration; and any other appropriate agencies, and notwithstanding the provisions of any other law, which items are, for the purpose of this act, arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and those items of primary strategic significance used in the production of arms, ammunition, and implements of war which should be embargoed to effectuate the purposes of this act: *Provided*, That such determinations shall be continuously adjusted to current conditions on the basis of investigation and consultation, and that all nations receiving United States military, economic, or financial assistance shall be kept informed of such determinations.

(b) All military, economic, or financial assistance to any nation shall, upon the recommendation of the Administrator, be terminated forthwith if such nation after 60 days from the date of a determination under section 103 (a) knowingly permits the shipment to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, of any such item which he has determined under section 103 (a) after a full and complete investigation to be included in any of the following categories: Arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war: *Provided*, That the President after receiving the advice of the Administrator and after taking into account the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States: *Provided further*, That the President shall immediately report any determination made pursuant to the first proviso of this section with reasons therefor to the Appropriations and Armed Services Committees of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the President shall at least once each quarter review all determinations made previously and shall report his conclusions to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which determinations have been made.

SEC. 104. Whenever military, economic, or financial assistance has been terminated as provided in this act, such assistance can be resumed only upon determination by the President that adequate measures have been taken by the nation concerned to assure full compliance with the provisions of this act.

SEC. 105. For the purposes of this act the term "assistance" does not include activities carried on for the purpose of facilitating the

procurement of materials in which the United States is deficient.

TITLE II—OTHER MATERIALS

SEC. 201. The Congress of the United States further declares it to be the policy of the United States to regulate the export of commodities other than those specified in title I of this act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to strengthen the United States and other cooperating nations of the free world and to oppose and offset by nonmilitary action acts which threaten the security of the United States and the peace of the world.

SEC. 202. The United States shall negotiate with any country receiving military economic, or financial assistance arrangements for the recipient country to undertake a program for controlling exports of items not subject to embargo until title I of this act, but which in the judgment of the Administrator should be controlled to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 203. All military, economic, and financial assistance shall be terminated when the President determines that the recipient country (1) is not effectively cooperating with the United States pursuant to this title, or (2) is failing to furnish to the United States information sufficient for the President to determine that the recipient country is effectively cooperating with the United States.

TITLE III—GENERAL PROVISIONS

SEC. 301. All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 302. The Administrator, with regard to all titles of this act, shall—

(a) Coordinate those activities of the various United States departments and agencies which are concerned with security controls over exports from other countries;

(b) Make a continuing study of the administration of export-control measures undertaken by foreign governments in accordance with the provisions of this act, and shall report to the Congress from time to time, but not less than once every 6 months, recommending action where appropriate; and

(c) Make available technical advice and assistance on export-control procedures to any nation desiring such cooperation.

SEC. 303. The provisions of subsection (a) of section 403, of section 404, and of subsection (c) and (d) of section 406 of the Mutual Defense Assistance Act of 1949 (Public Law 329, 81st Cong.), as amended, insofar as they are consistent with this act, shall be applicable to this act. Funds made available for the Mutual Defense Assistance Act of 1949, as amended, shall be available for carrying out this act in such amounts as the President shall direct.

SEC. 304. In every recipient country where local currency is made available for local currency expenses of the United States in connection with assistance furnished by the United States, the local currency administrative and operating expenses incurred in the administration of this act shall be charged to such local currency funds to the extent available.

SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public

Law 472, 80th Cong.), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act, 1951 (Public Law 45, 82d Cong.), are repealed.

Mr. BRIDGES. Mr. President, I conclude my remarks by saying that the Kennedy amendment is in direct conflict with the very purpose of the whole mutual-security program, which is mutual security of the free world against the continuing threat of Communist domination. I trust that the Senate will realize this and take appropriate action. I wish to say that the senior Senator from New Hampshire, so long as he is a Member of the Senate, will do all in his power to see that such appropriate action is taken, to the end that the Mutual Security Act of 1958 shall not become an instrument of aid to the cause of international communism, which I am fearful it will be if the Kennedy amendment is adopted.

Mr. FLANDERS. Mr. President, this has been a very interesting discussion, and to my mind it has to a considerable extent revolved around a word to which particular attention has not been called. I wish to call attention to the first word in the first line on page 59. Beginning at the bottom of page 58, I read, as follows:

This act shall not be deemed to prohibit furnishing economic and financial assistance to any nation—

That is the word—
except the Soviet Union, Communist China, and North Korea—

And so forth. I cannot vote for this section of the bill when it comes to helping nations, that is, governments. I am assuming that the word "nation" is interpreted as being a government. I cannot, therefore, vote to support this section if the assistance is to governments. If the Knowland amendment, which I shall support, is defeated, and if this section remains in the bill, I shall send to the desk an amendment which will read as follows:

On page 58, line 25, after the word "to" insert the words "people of" and on page 59, line 1, to strike out the words "except the Soviet Union, Communist China, and North Korea."

If we can find any means of helping people, as distinguished from helping governments, I believe that the purposes which those who support the section in the bill have in mind will be served. I believe that the interests of our country will be served. However, I agree with those who feel that to support Communist governments is a very bad thing indeed. I shall therefore vote for the Knowland amendment. If it fails, I shall then propose my simple amendment, which gives assistance to people, rather than to governments.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. KENNEDY. The intention is quite clear, if the Senator will look into the text of the provision. The intention is to give assistance to people. Would it change the Senator's position on the committee amendment if the Senator's

amendment were accepted to the committee amendment?

Mr. FLANDERS. I do not know how to answer the question until the vote comes on the Knowland amendment.

Mr. KENNEDY. I should like to know whether the Senator would be in support of the committee amendment and opposed to the amendment of the Senator from California if the words "freedom loving people" were used instead of "any nation?" Would that alter the Senator's position on the amendment?

Mr. FLANDERS. No; I am not a parliamentarian. The Senator from Massachusetts has been a Member of the Senate a shorter time than I have been, but he doubtless knows more about these things than I do. Does the proposal which I have made, if it is accepted by the junior Senator from Massachusetts at this point in the proceedings, give it validity?

Mr. CASE of South Dakota and Mr. WATKINS addressed the Chair.

Mr. FLANDERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Vermont will state it.

Mr. FLANDERS. Does the informal acceptance of my amendment by the author of section 306 of the bill have such validity that I can be sure that it will be adopted after a vote on the Knowland amendment?

The PRESIDING OFFICER (Mr. TADMAGE in the chair). In response to the Senator's inquiry the Chair will state that the only way to modify a committee amendment is by the express authority of the committee itself.

Mr. FLANDERS. Of the committee chairman?

The PRESIDING OFFICER. Of a majority of the Committee on Foreign Relations.

Mr. FLANDERS. Then I believe I cannot—

Mr. CASE of South Dakota. Mr. President, will the Senator from Vermont yield for a parliamentary inquiry?

Mr. FLANDERS. I yield.

The PRESIDING OFFICER. The Senator from South Dakota will state the parliamentary inquiry.

Mr. CASE of South Dakota. There are two inquiries. First of all, is the committee amendment being considered as original text?

The PRESIDING OFFICER. It is, for the purpose of amendment only.

Mr. CASE of South Dakota. Then is it not correct to say that an amendment to the text of the committee amendment would be in the nature of a perfecting amendment and would take precedence over a motion to strike?

The PRESIDING OFFICER. The Senator is correct.

Mr. CASE of South Dakota. In other words, the amendment which the Senator from Vermont proposes could be offered at this time and take precedence over a motion to strike the paragraph?

The PRESIDING OFFICER. The Senator is correct.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. KNOWLAND. I should like to suggest this point of view to the Senator from Vermont. Of course, in a very real sense, no activities are conducted in any of the presently satellite controlled countries which can proceed without approval of the government. I cite that as an example, because I have had people come to me and ask me on several occasions in regard to aid to people.

I have pointed out that in the long history of our country, the American people have been very generous and understanding, and that it made no difference to them as to the type of government a country might have.

I pointed out earlier in the debate that during the 1920's even in the Soviet Union itself, when that country was faced with famine, we sent Mr. Hoover and a commission to feed the people of the Ukraine and of other sections of the Soviet Union. Since then we have done likewise in other areas of the world.

I pointed out to some of those who came to me that under the present laws and statutes of the United States, as, for example, Public Law 480, we can give food and receive in return the currencies of the countries concerned. So the question of feeding hungry people is not involved.

I have pointed out to some of the persons who have come to my office the fact that the CARE agency, the Friends Service, and similar agencies can function. Many of the great church organizations of the Catholic, Protestant, and Jewish faith have operated behind the Iron Curtain.

The answer which was made by many persons was that that was all very true, but the Communist governments do not want their people to know that a religious organization is providing aid, because religion is against the tenets of communism; they do not want the people to know that CARE is giving aid, because what is supplied by CARE is contained in American packages, and the people of the Communist-dominated countries might learn that it was coming from the people of the United States. Therefore, it is said, the only thing which should be done is to turn over the funds to the Communist governments of those countries, and then to permit those countries to improve their economies, so that the people will think that communism is working, rather than that communism is breaking down and is desperately in need of help.

The statement is made also that if the people who live in the Communist satellite countries do not get aid from the United States they will get it from the Soviet Union. But I submit it will be a drain on the Soviet Union and will make the Soviet Union less able to carry on its tremendous defense activities in the building of missiles, tanks, planes, submarines, and the like. A strain will be placed on the Soviet economy. I point out to the Senator from Vermont that when we strengthen the economies of those countries we must do so through their governments; and when we do it through the governments we must, in fact, build up their economic strength, so that they can better supply the Soviet

Union with the goods of which the Soviets may be in short supply.

So I do not know how, under a totalitarian system, it is possible to give aid to the people of the satellite countries except through the agencies which already exist, and upon which there is no restriction at all under the Battle Act and the other laws which are in existence, unless we are to open the door to the amendment process to make possible the taking of the money of the American taxpayers in order to give it to the governments of the satellite countries.

Mr. FLANDERS. I find the arguments advanced by the Senator from California to be very impressive. I find that they are almost convincing. But I make this suggestion with regard to them.

The Senator from California is correct when he says we may expect the Communist governments to refuse aid which is offered directly to the people. But that is an asset. If the amendment is amended as I am proposing, then the door will be open to make offerings which will presumably be rejected. To make a proposal to help people, and then to have it rejected, is a successful action in the cold war. I do not want to close the door on such types of action.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. WATKINS. Is it not true that if we attempt to do something in a country with which we are at peace, but without the cooperation of its government, our action becomes an unfriendly act? Is it not also true that if the situation were reversed, and the foreign government tried to do the same thing in this country, we would consider it as an unfriendly act; and if they attempted to proceed with the action, we would undertake to stop them by force?

Mr. FLANDERS. A thousand reasons can be found for not acting successfully in the cold war. As to how we would feel if the Russians did what we are trying to do, that does not worry me very much, because if they made the attempt and if it were publicized, it would not have the same public effect as our making the attempt in Poland, for instance, and having its failure publicized.

Mr. WATKINS. Mr. President, will the Senator further yield?

Mr. FLANDERS. I yield.

Mr. WATKINS. Will the Senator give an example of the kind of proposal we could make to a government which would put that government in bad with its people if the government rejected the proposal?

Mr. FLANDERS. If I am correctly informed, the door was opened to us early in the troubles in Poland to provide some agricultural assistance. That was at a time when the Communist Government of Poland had been pushing the development of the great farms, and was focusing its attention on immense tractors, great gangplows, and similar large-sized farm equipment. The offer to furnish family-sized farm machinery is an example of what I have in mind. Such machinery is not suitable for communal farming; it is suit-

able for family-sized farms, and was what the people of Poland wanted. It would have made a hit with the Polish people, although it would not have been acceptable to the Polish Government. That is an example of what I am talking about.

Mr. WATKINS. The very objective we have in mind would be to cause the people in those countries to become dissatisfied with their governments. Could not the governments consider that an unfriendly act?

Mr. FLANDERS. Let me ask the Senator, then: Would he care?

Mr. WATKINS. But we are acting on the pretense that we are at peace with those people; yet we would attempt to do for them what we would not permit them to do for us.

Mr. FLANDERS. We would not have to stop them from doing it for us. They would not do it; and if they did, we would take their machinery.

Mr. WATKINS. I am not so sure that we would, because we have an opportunity now to do some trading with Russia, and I have not seen anyone breaking the speed limit to accept the offer.

Mr. FLANDERS. I cannot conceive of this country being in the same vulnerable position in relation to its people that the Government of Poland is in with relation to its people. That is what makes the difference.

Mr. WATKINS. It seems to me that the point which we must accept as absolutely sound is that in each of the countries where we are attempting to do something to help the people, we must do so through the government which we recognize as the existing government. If we are to have comity among nations, we cannot act on the assumption that we will ask a government to do something which will help to place that government in a bad position with its own people. We cannot do that and be friendly.

Mr. FLANDERS. What I propose is not an attempt to be friendly with governments. It is exactly the reverse. A cold war is in progress. This would be an engagement in the cold war.

Mr. WATKINS. Some persons may call it a cold war; but what the Senator from Vermont is actually saying is that it is another form of hot war.

Mr. FLANDERS. No; a hot war is a shooting war. It is a cold war which is in progress all the time.

Mr. President, will Senators who may wish to ask me to yield allow me to speak for 3 or 4 minutes to develop my idea of the difference between peoples and nations. A situation came to light in a most distressing way in connection with our relations with Egypt. In an endeavor to bring Nasser to heel, we punished Egyptian schoolchildren, and we stopped the CARE packages; and when Port Said was bombed by the French and the British, someone said, "No Red Cross aid can go there." We were at odds with the Egyptian Government, so we punished Egyptian schoolchildren and punished the citizens of Port Said.

Question has been raised as to whether we can trust our own Government. I am not sure that I can trust our State Department, when it comes to distinguishing between people and govern-

ments. I have reached the conclusion that I cannot; and I have reached that conclusion with very great regret, indeed. But there stands the record. The last I heard, the CARE organization expected that it would get permission to send one-third of the amount of CARE packages it had been sending. I say that is outrageous; and I am not sure that I can trust our State Department to distinguish between people and governments. That is one reason why I should like to have the word "people" used at this point in the bill, instead of the word "governments."

Mr. KNOWLAND. Mr. President, at this point, will the Senator from Vermont yield to me.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Does the Senator from Vermont yield to the Senator from California?

Mr. FLANDERS. I am glad to yield.

Mr. KNOWLAND. Of course, as the Senator from Vermont fully understands, and I say this solely for purposes of the record—nothing in the present law or in the law as it will read when my amendment is adopted—for my amendment merely extends the law as it exists today—prevents, or will prevent, the sending of our agricultural products under the provisions of Public Law 480, or prevents, or will prevent, the sending of CARE packages to any of the countries in the world, including those behind the Iron Curtain.

I think there is great merit in what the Senator from Vermont has said about the cold war and about getting through—over the heads of the Communist, totalitarian governments—to the people, and letting them know that the American people favor such aid through private organizations and through their own organizations which they establish, so long as we are certain that such supplies and foodstuffs will reach the people themselves, not merely the card-carrying Communist Party members. And that program can be carried on without the change proposed by the Senator from Massachusetts.

But I think there is much merit in the Senator's suggestion. It involves the same technique that President Woodrow Wilson used when he appealed, over the heads of the Imperial German Government, to the people of Germany, on the question of the armistice, at the conclusion of World War I.

I believe we should always seek to break through the Communist Iron Curtain barrier in order to reach the people. But I believe that can be done without having the American taxpayers help subsidize, and perhaps maintain, the totalitarian regimes which we should be interested in getting rid of.

Mr. FLANDERS. Mr. President, I have sent my perfecting amendment to the desk. I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 58, in line 25, after the word "to", it is proposed to insert "the people of."

On page 59, beginning in line 1, it is proposed to strike out the words "except the Soviet Union, Communist China, and North Korea".

The PRESIDING OFFICER. Without objection, the two amendments will be considered together.

Mr. BUSH. Mr. President, will the Senator from Vermont yield to me?

Mr. FLANDERS. I yield.

Mr. BUSH. Would not the Senator from Vermont wish to have the two amendments considered separately? It seems to me that they involve two separate questions.

Mr. FLANDERS. I shall give consideration to the suggestion the Senator from Connecticut has made, if he will allow me a moment of silent meditation, without losing the floor.

Mr. BUSH. I shall be very happy to do so.

Mr. FLANDERS. I mean insofar as the Senator from Connecticut has authority to do.

Mr. BUSH. Yes; insofar as it is within my authority. [Laughter.]

Mr. FLANDERS. Mr. President, if we consider the two amendments separately, rather than together, let me point out that the first amendment will result in having this part of the bill read as follows:

This act shall not be deemed to prohibit furnishing economic and financial assistance to the people of any nation except the Soviet Union, Communist China, and North Korea,

And so forth.

Mr. BUSH. That is correct, and that is the point.

Mr. FLANDERS. Mr. President, a few minutes ago the Senator from South Dakota [Mr. MUNDT] and other Senators reached the very logical conclusion that if this is what we are talking about, rather than the strengthening of governments, why not make it universal?

I believe perhaps we might well consider my two amendments separately, as the Senator from Connecticut has suggested.

Therefore, Mr. President, I ask that the two amendments be considered separately.

The PRESIDING OFFICER. The two amendments the Senator from Vermont has submitted to the bill will, therefore, be treated accordingly. The question is on agreeing to the first amendment offered by the Senator from Vermont [Mr. FLANDERS].

Mr. HUMPHREY. Mr. President, will the Senator from Vermont yield to me?

Mr. FLANDERS. I yield.

Mr. HUMPHREY. First, I wish to express my thanks to the distinguished Senator from Vermont for his very lucid and informative discussion of this section of the bill, and also for his amendments.

If I correctly understand what he has said, he has been referring to direct aid, which could mean materials of substance or material goods, and also to financial aid to people, not to governments.

Mr. FLANDERS. That is my purpose. There may be more difficulty in connection with furnishing financial aid than in connection with furnishing goods; but, if it can be done, it should be done on the same level.

Mr. HUMPHREY. Inasmuch as both amendments have been submitted, and inasmuch as there has been a question

as to whether the amendments should be considered together or separately, I say most respectfully that the American people, who are essentially a decent and a spiritual people, and most of whom attend the churches of their choice, resent any proposed legislation which would provide that when we deal with people, with God-created human beings, not with governments or ideologies, we shall exclude some people who live in one part of the world.

I happen to be vigorously opposed to the government of the Soviet Union; but I wish to say that the first captives of communism were the Russian people.

I am also opposed to the government of Communist China; but I wish to say that in China there are very few Communists, and there are many fine Chinese.

I am also opposed to the Government of North Korea; but I am not opposed to the North Koreans.

As I understand the amendment of the Senator from Vermont, it relates to humanitarian, economic assistance to hungry people, sick people, people who may wish to produce a little more on their farms or in their shops.

I believe it would be very unfortunate for the Congress, when it is dealing with people, not with ideologies or governments, to say to the people of the Ukraine, for example—many of whom have revolted against the Soviet Government—or to the people of China—where there have been revolutions against the Communist government—"You folks can just starve. We are not interested in you." According to my convictions, that would be both wrong morally and foolish politically.

Mr. FLANDERS. Mr. President, is there any parliamentary method by which I may interrogate a sitting Member?

The PRESIDING OFFICER. That may be done with the permission of the Member and by unanimous consent.

Mr. FLANDERS. Mr. President, I so request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont? The Chair hears none.

Mr. FLANDERS. I should like to ask a question of the Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Mr. President, will the Senator from Vermont yield to me, so that he may ask me a question?

Mr. FLANDERS. Mr. President, if the Senator from Connecticut asks me to yield to him, I shall do so.

Mr. BUSH. Mr. President, I do ask the Senator from Vermont to yield to me.

Mr. FLANDERS. I yield.

Mr. President, I should like to ask the Senator from Connecticut the following question: To what extent is he convinced by the arguments of the Senator from Minnesota?

Mr. BUSH. I am always moved by the arguments of the Senator from Minnesota, for whom I have very great respect. But I am not convinced by them.

I think this question has been before the Senate for many years, off and on. I recall that, at least in 1950, the Senator who preceded me in this very seat—the late Senator McMahon—brought out

the same point that the distinguished Senator from Vermont [Mr. FLANDERS] is bringing out at this time.

I am basically sympathetic with the position taken by the Senator from Vermont. What we are saying is that we are interested in helping the people of these countries. I, myself, would exclude, as the bill does, the Soviet Union, Communist China, and North Korea. That is the way I feel, after hearing my distinguished friend from Minnesota speak on this subject.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from Kentucky.

Mr. COOPER. Following the same course of action taken by the Senator from Connecticut [Mr. BUSH] I suppose I would have to get unanimous consent that my question may turn into a few remarks.

Mr. FLANDERS. I am sure what the Senator from Kentucky said was good, but I did not quite hear it. I wonder if he will repeat it.

Mr. COOPER. I want to comment on the amendment of the Senator from Vermont, if I may; and that is not exactly a question.

I have the greatest respect for the Senator from Vermont, as he knows. But, the distinguished minority leader, the Senator from California, and the senior Senator from New Hampshire have presented a clear-cut issue, that is, shall aid be available to Communists somewhat—other than Russia, Communist China, and North Korea.

With all deference, I believe the amendment of the Senator from Vermont would cloud the issue. If it were adopted, it would in my judgment, make the committee proposal ineffective, because aid could not be provided the people of these countries unless their governments permitted it. If this country tried to give aid directly to the people, we would immediately be charged with interfering in the internal affairs of their governments.

Second—and I think this is correct—I believe the committee placed the amendment in the bill for the very reason that the Senator from California and the Senator from New Hampshire object, and that it is designed to make aid available to these governments when the President believes it necessary for our security. I would consider that if these countries desire to assert their sovereignty in their relations with Russia, it is to our advantage, as well as theirs, to help them express that independence. Certainly, an example is Yugoslavia.

The third point I make is that if the amendment of the Senator from Vermont should be adopted, providing that aid shall be given to the people of these countries, it may be interpreted that the Government of the United States cannot advance aid to the Government of Yugoslavia, and I certainly believe that has been in our interest.

I object to the amendment because I believe it would not be effective. I know that is not the purpose of the Senator. But the Senate would be saying it is doing something to help people

when it could not happen—that aid will be available to the people of certain countries, when Senators know aid cannot be given to the people except through their governments. In truth if we vote for the committee amendment, we shall be voting for it with the knowledge that at some time the President of the United States may determine it is to the interest of this country to advance aid to governments other than Russia or Communist China, even though they are Communist, which demonstrates their independence.

As for myself, that is the only reason why I shall vote for the amendment. I do not want to vote for it upon an incorrect theory.

There is truth in what the senior Senator from California and the senior Senator from New Hampshire have said. There is danger in following the course of giving aid to countries behind the Iron Curtain. If aid is granted to those countries, it may strengthen them, and possibly strengthen them against our country. We are taking a risk. The alternative situation is that if countries show an inclination to be truly independent of Soviet Russia, it is important to our security, to peace, and to their own interest, to help them be independent. If these countries can gradually become independent of Soviet control it is in our interest and that of peace. That is the only reason I shall vote for the amendment.

Mr. BUSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Connecticut?

Mr. FLANDERS. I yield to the Senator from Connecticut.

Mr. BUSH. I do not think the amendment of the Senator from Vermont is impractical at all. The amendment provides that "This act shall not be deemed to prohibit furnishing economic and financial assistance to the people of any nation," and so forth.

My good friend from Kentucky points out that such aid will undoubtedly have to be given through the government of a nation; but I think the emphasis the Senator from Vermont wants to put in the bill is that we are thinking of the people of these countries. I do not think it weakens the effectiveness of the United States in giving aid to nations if the language is changed in this way.

I think, therefore, for psychological reasons, the Senator from Vermont has offered a good amendment, and I hope it will prevail.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from California.

Mr. KNOWLAND. I submit, with the legislative record we have now made, the distinguished Senator from Connecticut feels that merely by changing the word to "people" no change at all is made, because the aid can still be given to the governments. By removing the exceptions, the door will be opened for the American Government and the American taxpayers to make a substantial contribution to the Soviet Union, Communist

China, and North Korea, as well as all the other Communist countries that are members of the Warsaw pact.

If that is what the Senate of the United States, and ultimately the other body of the Congress wish to do, so be it. It is the responsibility of the Congress. But it seems to me that it will result in a tremendous drain on the American taxpayers, and will represent a basic, fundamental change of policy, which should be fully debated on its merits, and after full committee hearings.

If what is proposed should be done, we would, in fact, strengthen the war-making potential of the very powers against which we are trying to build up a mutual defense pact with which to guard the free world.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FLANDERS. Mr. President, I shall insist on straightening myself out for a moment or two, before yielding to the Senator from Connecticut.

In reply to the observations made by the Senator from California, I wish to say that I am loath to accept an affirmative vote for my amendment on the terms proposed by the Senator from Connecticut, because I do not believe in our giving aid to those governments. If the Senator from Connecticut wants to vote for the amendment on the supposition that is the purpose of my amendment, I should like to make it clear that is not the purpose of my amendment; nor do I think that purpose is expressed in my words.

I do not want to give support to governments. I want to do what I can for people. That is the difference between my point of view and that of the Senator from Connecticut.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. BUSH. I am sorry we differ on that one point, but I do not see how we can give aid to the people of these countries unless we give it through the nation. I very much sympathize with the desire of the Senator to emphasize the consideration with respect to people.

In reference to the remarks of my good friend from California [Mr. KNOWLAND], I wish to say I do not favor the second part of the amendment of the Senator from Vermont. I think the committee language should stand respecting the Soviet Union, Communist China, and North Korea. It is the Iron Curtain countries other than those to which I think the Senator from Vermont chiefly addresses himself. It was on that assumption I wanted to support the Senator's first amendment.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from Utah.

Mr. WATKINS. I am very curious to know how, for instance, if we wanted to give food to the people of Poland, the Senator would expect to get the food to them without using the offices of the Polish Government?

Mr. FLANDERS. With respect to that suggestion I tried to make my position clear in the beginning of my remarks. If the Polish Government puts obstacles in

the way of gifts of food, if food is in question, from this country to the people of Poland, or if it falsifies the source of the gifts, so that it is impractical for us to give them, then we would not give them but let the Polish people know what happened.

It is a question of good will and honesty of purpose, the purpose being to help people. If we are prevented from taking such action it would be a telling stroke in the cold war. We have to forego that possibility under the wording of the amendment as it is written.

Mr. WATKINS. I think the Senator would agree with what I wanted to point out. If we are going to send packages of food and if we are going to use the mail to do so we would have to use the facilities of the Polish Government.

Mr. FLANDERS. The Senator is correct.

Mr. WATKINS. If we were to send the food by boat, we would have to use the facilities of the Polish Government to have it landed in the country, or face the possibility of being arrested for smuggling or for having made a direct attack on the Government.

Mr. FLANDERS. If they refuse to accept the gifts or put obstacles in the way, it would be a telling stroke.

Mr. BUSH. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER (Mr. CHURCH in the chair). The Senate will be in order.

Mr. FLANDERS. Mr. President, I hope a vote can be taken on the first of the two amendments. I am not going to ask for a yea-and-nay vote. If the position which I have sought to explain is clear enough to the Senators who are present, I should like to ask that the Senate now vote.

Mr. CASE of South Dakota. Mr. President—

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. FLANDERS. I yield to the Senator.

Mr. CASE of South Dakota. Mr. President, I desire to be recognized.

Mr. WATKINS. If the Senator does not mind, will the Senator yield to me for an observation?

Mr. FLANDERS. I yield.

Mr. WATKINS. In making these observations, I was not trying to be critical of the Senator. I wanted to get information. The Senator might have had in mind some way of getting the food in I did not know about. I respect the sincerity of the Senator and his humanitarian desire to help the people of such countries.

We have to recognize the world as it is, in my judgment, and the only way we can get food and other help into these countries is through the governments, which we recognize are in existence. Otherwise, we cannot do so, for we would be doing the very thing we would treat almost as an act of war if it were tried in respect to this country. We will not even allow a good deal of literature to come into our country. We take such material out of the mail, when it consti-

tutes an effort to propagandize in this country.

Mr. FLANDERS. I can only repeat to the Senators from Utah what I tried to say before. A refusal to accept or the placing of obstacles in the way of the gift will make the situation very clear to the free world, and the information can be made known to the satellites of the Soviet Government.

Mr. WATKINS. The people of Poland would probably never find it out.

Mr. CASE of South Dakota. Mr. President—

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I desire to speak first very briefly with respect to the point raised by the Senator from Utah and then with respect to the entire section and its relationship to the issue raised by the amendment offered by the Senator from Vermont.

First, with respect to whether it is possible to give assistance to people without giving assistance to governments, the bill, if the amendment of the Senator from Vermont were added, would read:

This Act shall not be deemed to prohibit furnishing economic and financial assistance to the people of any nation—

And so forth.

It seems to me, Mr. President, that it might be possible for assistance to be given to the people of a country without its being given to the government. I have in mind that there have been instances in world history of aid having been given across battlelines, and of aid which has been given under the supervision of the Red Cross. Under the normal operation of mutual security, when assistance is given another country, the country buys the assistance by putting up counterpart funds. That may not be true in all instances.

If the assistance were to be given to the government itself, obviously the assistance would not merely be given to the people of the country but it would be given to the government and the government would control it.

I can conceive, however, of situations when the government of a country might say, "We will let this material come in and go to a certain organization," such as the Red Cross within that country or some other organization, thereby permitting it to reach the people.

In that case it would be a direct gift to the people, not necessarily a gift or a sale for currency to the country.

Mr. President, all the discussion with respect to the amendment and the issues involved with respect to it must be considered in the light of the later language in this section, to which the amendment refers. In most of the discussion we have been overlooking the fact that the assistance would be conditional upon the President determining that such assistance would strengthen the security of the United States. I refer particularly to the language which appears at line 2 on page 59 and following, which reads: "Whenever the President determines that such assistance will strengthen the security of the United States by enabling

the freedom-loving peoples of such nation (a) to achieve a measure of political, economic, and social freedom from Sino-Soviet domination or control, or (b) to strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination or control, or (c) to reduce their economic dependence on the Sino-Soviet bloc in keeping with their already established political independence."

The language of the amendment in the bill itself, if we should adopt the committee amendment, would not open the door to giving the assistance without a definite determination by the President that the giving of such assistance would be in the interest of the security of the United States by enabling the freedom-loving peoples of the other nations to achieve some "measure of political, economic, and social freedom from the Sino-Soviet domination, or (b) to strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination, or (c) to reduce their economic dependence on the Sino-Soviet bloc."

That is not an idle determination. It is not merely saying "If the President believes." It is not merely saying "If the President thinks." It says—

Whenever the President shall make a determination—

It does not stop there, for later in the paragraph are these words:

The President shall immediately report any determination made pursuant to this section, with reasons therefor, to the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate, and to the Committee on Foreign Affairs, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives.

So, Mr. President, this is not an opening of the door for giving assistance to some nation which may be one of the satellite nations somewhat under the control of the Soviet bloc, but it is a limited opening of the door for assistance whenever the President shall make a determination that such assistance would strengthen the security of the United States, and that it would aid us by increasing the political, economic, and social freedom of the freedom-loving countries receiving the assistance.

That comes about only when the President makes a formal determination and reports it to the several committees of the Senate and House of Representatives. I understand that the distinguished senior Senator from New Hampshire [Mr. BRIDGES] has an amendment by which he would provide that the proposal to give such assistance should not be effective until 60 days after the determination had been reported to the committees, with the Congress in session. Personally I see no objection to that amendment. I hope he will offer it. That would insure an opportunity for the committees of the Congress, if they felt strongly that the President was wrong in making the determination, to have an opportunity to express themselves to the contrary. But even as the language

stands, it is not an idle determination. It is a determination which would be reported to the three committees of both the House and Senate; and any one who knows anything at all about the relationship between the executive branch and the committees of the Congress must know that if such determination were once made and the Congress felt that it was not a good determination, the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate, and the corresponding committees in the other House, would make themselves heard in no uncertain manner; and future determinations would have a difficult time if adverse action were taken.

I support the amendment reported by the committee. I will support the amendment offered by the Senator from Vermont, but I do so because I believe the day has come when we must use some new method, so to speak, in the so-called cold war.

The other day I received a publication issued at the Holloman Air Force Base in New Mexico. It was issued by a group engaged in research on rocks. I was interested in the fact that in the lead editorial, so to speak, which was borrowed from the Journal of the American Historical Society, the scientists and engineers there were concerned with the problem that merely to pile up more rocks would never win the cold war.

I am impressed by the logic of those from the Defense Department downtown who come before our committee and say that the way to win the next war is to avoid it; the way to win the next war is to make it unnecessary to have it; the way to win the next war is to be so strong that it will not be started. And while we gain that respite from bloodletting, we should seek other methods for the peoples of the world to live together.

I am convinced that the time for decision is here. If we are to win the hearts of the people behind the Iron Curtain, this country must adopt some method of reaching them. We must speak some language they can understand. If we wish to carry out the aspirations and the hopes all of us felt in our hearts the other day when the Unknown Soldiers were entombed, we must adopt some new method. All of us made resolves on that day. All of us felt something when we saw the two caskets in the Rotunda of the Capitol. If we are to carry out those resolves we must adopt some method. We must do something new.

I like the idea of trying to win the hearts and minds of the freedom-loving people behind the Iron Curtain, and give them some reason for hope.

I was interested in the fact that the distinguished minority leader [Mr. KNOWLAND] referred to Woodrow Wilson's appeal to the German people over the heads of the German Government. I remember when President Wilson voiced his 14 points.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. Not at this time.

I remember when President Wilson made his appeal to the peoples of the world. He said, "Our quarrel is not with the German people, but with those who seek to speak for the German people." When Woodrow Wilson drove that wedge between the German people and those in power who sought to speak for them, the war was over, because he ranged the peoples of the world on the side of peace, on the side of understanding, and on the side of free government. We must do likewise in this day if we are to win the cold war. That is why I support the idea expressed in the amendment to modify the Battle Act, so that it may be possible to reach those people. If the process needs further safeguarding by requiring the approval of Congress, or a waiting period before the aid becomes effective, I shall be willing to vote for such a provision. But in the light of the obligations and the feeling I have on this question, I think the time has come when we must seek to divorce the freedom-loving people of the world behind the Iron Curtain from the domination of the Sino-Soviet bloc, and from the idea that we are not interested in them as a people. It may be difficult to do. It may require some imagination. It may require some new techniques in getting this assistance past the Iron Curtain; but let us try to do it.

Mr. FLANDERS. Mr. President, I ask that the pending amendment be stated, and that a vote be now taken on my first amendment.

The PRESIDING OFFICER. The first amendment offered by the Senator from Vermont will be stated.

The CHIEF CLERK. On page 58, line 25, after the word "to" it is proposed to insert the words "the people of."

Mr. KENNEDY and Mr. FULBRIGHT addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. I shall be glad to yield to the Senator from Arkansas in a moment.

An examination of the dictionary discloses that there is no difference between a nation and a people. We are not talking about aid to a government. We are talking about aid to a nation.

The word "nation" is defined as:

A people connected by supposed ties of blood generally manifested by community of language, religion, and customs, and by a sense of common interest and interrelation.

In my opinion this amendment deals with nothing of substance. We are talking about aid, not to a Communist government, but to a nation. This means a people. If it is supposed to mean something else, the amendment might be mischievous. We do not know how to deal with a people unless we deal with an organized structure. We are talking about dealing with governments. I believe that the word "nation" suggests what the Senator from Vermont wants.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. FLANDERS. I should like to ask the Senator from Massachusetts whether, before he looked in the dictionary, he did not feel that there was a little distinction between "people" and "nation."

Mr. KENNEDY. The trouble with the word "people" is that it suggests an uncertain geographical area. The dictionary definition deals with people in a plural sense. The word "people" is defined as:

A body of persons united by a common character, culture, or sentiment; the individuals collectively of any characteristic group, taken as distinct from, or concealed apart from, the unity of the group as subject to a common government.

I believe that if the amendment of the Senator really has substance, it presents a difference which suggests that we could not operate through any organized government in giving assistance. If the Senator wishes to emphasize assistance to the people, the Senator from South Dakota [Mr. CASE] clearly emphasized that later language in the bill deals with freedom-loving peoples. So I think it would be a mistake to accept the amendment under the assumption that it would change the basic nature of the aid, because "nation" means "people."

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. FLANDERS. The Senator from Massachusetts would not accept the idea that the word "people," to those who have not looked in the dictionary, may convey a different meaning from the word "nation."

In other words, we are possibly dealing with important semantics.

Mr. KENNEDY. In my opinion, to change the language might mislead the Senate into thinking that we would not be able to deal with an organized government in a country in giving assistance. We would still have to deal with the organized government of a country, but for the purpose of helping the freedom-loving people of that country.

Mr. FLANDERS. I should like to make the observation that in my belief and in my judgment, as the basis of all my decisions and all my judgments on the floor of the Senate, I have followed the principle in my own mind that the object of all political action is the well being of individuals, even though the relations be between nation and nation. The individual is the ultimate beneficiary of what we do here on the floor, if we do it well.

Mr. FULBRIGHT. I do not wish to delay consideration of the bill, but I should like to support what the Senator from Massachusetts has said. If the amendment means that negotiations with governments would be prohibited, then I believe it is a very impractical and a very dangerous amendment. If it is designed to mean that we are concerned with the welfare of the people, and have the welfare of the people at heart, then it is a meaningless amendment. Obviously that is what we have in mind. A nation includes its people.

I do not see how we can operate without doing business with the governments

of the various nations. I realize, in view of the shortcomings of many governments—and I shall not mention which ones—many of us are becoming impatient with those governments. However, it is necessary to deal with them anyway. We must still do business with governments.

I do not believe the amendment of the Senator from Vermont would make any contribution to the bill at all. I believe it would cause confusion. Some people have to look in a dictionary, and some do not. A great many people know what "nation" means without looking in a dictionary. I do not see how the fact that a Senator looks up a word in the dictionary has any bearing on whether the language should be changed. I hope the Senate will not accept the Flanders amendment.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. What is the relation of the amendment to the Knowland amendment? I wish to say something about the Knowland amendment, but I do not know whether it is the proper time to do so.

The PRESIDING OFFICER. The amendment affects and modifies the language of the Knowland amendment.

Mr. FULBRIGHT. Of the Knowland amendment?

The PRESIDING OFFICER. The language of the amendment which the Knowland amendment proposes to strike out.

Mr. FULBRIGHT. I understand. Then when the Flanders amendment is disposed of, the question will recur on the Knowland amendment. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. FULBRIGHT. Then I shall refrain from discussing the Knowland amendment until the Flanders amendment is disposed of.

The PRESIDING OFFICER. The Senator from Vermont has two amendments.

Mr. FULBRIGHT. I hope the Senate will not accept the amendment. It will cause confusion, and certainly will not make any contribution.

The PRESIDING OFFICER. The question is on agreeing to the first amendment offered by the Senator from Vermont [Mr. FLANDERS], which has been read by the Clerk.

The amendment was rejected.

The PRESIDING OFFICER. The second amendment offered by the Senator from Vermont will be stated for the information of the Senate.

Mr. FLANDERS. Mr. President, I ask unanimous consent to withdraw the second amendment, now that the first amendment has been defeated.

The PRESIDING OFFICER. The Senator from Vermont has the right to withdraw his second amendment.

Mr. FLANDERS. On my own?

The PRESIDING OFFICER. That is correct.

Mr. FLANDERS. Then I do so. I withdraw the second amendment.

The PRESIDING OFFICER. The Senator from Vermont withdraws his amendment. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

Mr. HUMPHREY. Mr. President, I wish to say only a few words with reference to the amendment offered by the Senator from California. This is a replay of other situations which have occurred in the Senate relating to the conduct of our foreign policy. Many of us have been critical of certain aspects of the administration of American foreign policy. Some of us have been critical of the policies which constitute the framework of American foreign policy. However, I have always been of the opinion—and I believe constitutional history bears me out—that the conduct of American foreign policy rests in the President of the United States; indeed, even though the conduct of our foreign policy may be consummated in part through the offices of the Secretary of State, our diplomats, our ambassadors, and other members of the Foreign Service, nevertheless the responsibility for American foreign policy is essentially in the hands of the President of the United States.

Public Law 480 was before the Senate about a year ago. During its consideration there was involved the issue of Poland, particularly with regard to the sale of agricultural products to Poland. At that time there was an attempt made to strike out certain language the Committee on Agriculture and Forestry had placed in Public Law 480. That language gave to the President discretionary authority to deal with countries behind the Iron Curtain. In other words, all the Committee on Agriculture and Forestry did in that instance was to place reliance on the patriotism, the judgment, and the integrity of the President of the United States as the chief spokesman of our Nation in the area of foreign affairs.

Interestingly enough, the very same Senators who are tonight proposing to strike the so-called Kennedy amendment from the pending bill, the leaders on the other side of the aisle, who are supposedly the supporters of the administration, fought against the amendment of Public Law 480. Fortunately, the majority judgment of the Senate prevailed in supporting the work of the committee.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HUMPHREY. In a moment I shall be happy to yield. Fortunately the majority of the Senate insisted on upholding the hand and the judgment of the Committee on Agriculture and Forestry with relation to Public Law 480.

I now yield to the Senator from New Hampshire.

Mr. BRIDGES. The Senator says that that was fortunate. I assume that is the Senator's judgment, and that he is making that statement as an expression of his own opinion.

Mr. HUMPHREY. It is my own observation. I am speaking only for the junior Senator from Minnesota.

Mr. BRIDGES. The Senator from Minnesota said that the foreign policy is

placed solely in the Executive. Why do we have a Committee on Foreign Relations?

Mr. HUMPHREY. I said the responsibility for foreign policy is essentially in the hands of the President of the United States. He is our chief spokesman. That is not to say that Congress cannot lay down policies or programs or guidelines.

Mr. BRIDGES. Is that not what we are doing with the amendment?

Mr. HUMPHREY. Once that is done, then the responsibility rests with the President. Let me answer my good friend from New Hampshire, for whom I have the highest respect and regard, by saying that, although I have differed with him on certain issues on occasion, I notice that not long ago, on February 6, the distinguished Senator from New Hampshire took the floor to praise the Secretary of State for his wisdom, his judgment, and his good works as Secretary of State. The same Secretary of State is the one who recommended the Kennedy amendment. He is the very one who was being praised so profusely and so magnanimously and so generously by the distinguished Senator from New Hampshire.

It is interesting for me to note tonight that we are talking not about a Republican President or a Democratic President, but about the President at any time in American history. It is interesting to note that on the other side of the aisle—and I suppose there are some on this side of the aisle, but in this instance the leadership for the amendment to strike the Kennedy amendment from the bill comes from the other side of the aisle—there is an unwillingness to place trust and confidence in the Chief Executive.

Why do I say that? It is because the Kennedy amendment does not direct the President to do business with countries behind the Iron Curtain. The Kennedy proposal does not say: "Mr. President, the Senate of the United States says you must do business with Rumania or Bulgaria or Hungary or Poland or Yugoslavia." What does the Kennedy amendment say?

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HUMPHREY. The Kennedy amendment provides: "whenever the President determines that such assistance will strengthen the security of the United States by enabling the freedom-loving peoples of such nation (a) to achieve a measure of political, economic, and social freedom from Sino-Soviet domination or control, or (b) to strengthen their capacity to maintain a national government increasingly independent of Sino-Soviet domination or control, or (c) to reduce their economic dependence on the Sino-Soviet bloc in keeping with their already established political independence"—whenever those circumstances prevail—that is, whenever the President feels that some kind of economic or financial assistance to governments presently excluded from such assistance by the Battle Act will be helpful to us, he is empowered, authorized, and given the discretionary authority to extend assistance.

That is all we are saying. I am sure that throughout the length and breadth of the land there are people who are literally ready to believe that there are in the Senate those who, out of the goodness of their hearts or the foolishness of their judgment, want to give aid to Communist-controlled countries.

No; that is not what we are talking about at all. We are simply saying that it does not take a great deal of political judgment or statesmanship to give help to one's friends.

The distinguished minority leader is insisting that we want to help only those who are presently our friends. He is not applying the principle of how to influence people and win friends. What the minority leader is saying in his amendment is that we will not help peoples or governments which are presently behind the Iron Curtain and which indicate a desire for some measure of independence.

I grant that whatever we do is a risk; but life, itself, today is a great risk. The defense program is a risk. Bombers in the air which are carrying the H-bombs are surely a risk. Every investment and loan we make is a risk.

I submit that we ought not to tie the President's hands and to say to him, "We want you to win the cold war, but we want you to win it in a particular way. We want you to do it only by loving our friends. Make love to our friends. Do not ever try, in any way, to win over those who perhaps are not now our friends."

That is what is really intended by the Knowland amendment. The Knowland amendment is pure. I will say that. It says that we will do business with those with whom we are accustomed to doing business: We will do business with them—period.

The Kennedy amendment simply says that if the President finds it to be in the national interest, if he has reason to believe that by the expansion of economic and financial assistance to nations, except the Soviet Union, Communist China, and North Korea, we can strengthen the security of the United States, then the President is empowered to do just that. I am willing to trust the President.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KNOWLAND. During the course of the discussion this evening, the Senator has made certain remarks relative to the debate on Public Law 480.

Mr. HUMPHREY. Yes.

Mr. KNOWLAND. The Senator is quite correct in saying that that law was under debate in the Senate on April 1, 1957. While we are discussing a particular amendment to that measure, if the Senator will permit me to do so at this point, I wish to call to his attention, to the attention of the Senator from New Hampshire [Mr. BRIDGES], and other Senators, what I had to say at that time:

Mr. KNOWLAND. If this is done—and today the Senate may well vote to do it—I hope the Senator from North Dakota is correct and I am incorrect. However, I have lived

long enough to see what happens when the camel gets his nose under the tent. I do not claim to have a crystal ball or to have any ability to foretell the future. However, I predict here and now that the step now proposed will, if taken, be only the opening operation leading later to the giving of economic aid to Poland, not in the form of surplus commodities, but in the form of dollars added to the foreign-aid program, or subtracted from the aid which otherwise would go to some of the countries friendly to us. If once we extend such a program to Poland, I predict that within 1 or 2 years thereafter we shall not have a valid reason for denying aid to Hungary, Czechoslovakia, Rumania, and Bulgaria, because once they see that Poland has been successful in this endeavor, they will say, "Well, we are a little independent, too. Consequently, we want to come in under a plan"—consequent Marshall-type plan, let us say, to support the Communist regimes of those countries. I may be mistaken about it, but I think this is only the opening wedge of a program which, if undertaken, will plague us in the future.

I shall not be in this Chamber when another year has passed, but I predict that if Congress continues to extend aid to the Communist satellite nations, within a year, at the most, a proposal will be made to extend economic aid to the Soviet Union, to Communist China, and to North Korea, which at present are excluded under the act. That will be done as surely as night follows day, because, for the reasons stated by the Senator from South Dakota, once we embark upon such a program, we cannot say that in aiding the people of the satellite nations, we should not extend the same aid to the people of the Soviet Union and of other Communist powers.

If that is to be the policy of the United States, that is, of course, a matter for Congress to determine. But it seems to me that it will have very far-reaching consequences. Not only will we have embarked upon a program which I believe will ultimately involve billions of dollars of the people of the United States, but those billions must either be taken from aid to our friends or from aid to neutrals who are already being spread pretty thin, according to their viewpoint, at least, and perhaps according to the viewpoints of some of us in this Chamber, or else we must add to a deficit which will probably be, at the end of this fiscal year, \$3 billion, and in the next fiscal year maybe as much as \$8 billion or \$10 billion.

With all those facts before them, perhaps Congress and the American people will want to embark upon this type of economic assistance to the Soviet bloc of nations.

But I believe that some of us, at least, who are equally as sincere as those who may have another point of view, feel that when that is done, we shall be strengthening the economic power of international communism, and the economic power of the governments of the Soviet satellite nations. If we do that, we shall be increasing their military capacity and their military power. We shall be making the slaves more contented with their masters.

I do not believe that to do such a thing will be, ultimately, in the best interests of the free world and of the people of

those nations themselves who are presently enslaved, or of the people and the Government of the United States.

Mr. HUMPHREY. First, never once in my life have I had any doubts about the integrity and the sincerity of the Senator from California. I know he believes what he has said, and I respect him for his courage and his willingness to state categorically and clearly his convictions. This is a very refreshing experience in American politics.

But there is another point of view, and it is simply this: There are those who have felt that the Soviet Union could be brought to her knees by, first, ignoring her; and second, waging a war of economic attrition. I am not a prophet, nor do I claim to be a historian. But 40 years of history is on my side. The Soviet Union is not on her knees. The Soviet Union is increasing her economic capacity without American aid and is challenging us in many areas of the world; in fact, the Soviet Union is running us out of the ball park in some areas of the world.

The Soviet Union is able to exercise its tyranny all the more brutally and ruthlessly over the peoples whom she dominates, because they have no place to turn except to the Soviet Union.

I submit that what has happened in Poland has caused the Soviet Union grave concern. Khrushchev has made more visits to Warsaw in the past year and a half than the Communist leaders made in the previous 10 years.

The Gomulka government, an acknowledged Communist government, with all its problems, with all its statements which are anti-American, and with all the collaboration with the Communists throughout the world, is a worrisome government to Khrushchev and the men in the Kremlin.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HUMPHREY. Not at present; I shall in a moment.

There were Senators who were very doubtful about our aid to Yugoslavia.

I have had very grave doubts about it. But I am willing to vote to let the President—who has the benefit of information from all the sources of the Government—extend what aid he could, without doing harm to the security of our country, so long as that aid would enhance the interests of the United States.

Mr. President, tonight Yugoslavia is causing the Kremlin as much trouble as any other nation in the world is causing it. There is no doubt of that. In fact, the Kremlin is holding meeting after meeting in an effort to decide what to do about Marshal Tito. Today, in Communist China, the common topic of conversation is the deviationist course of action of Marshal Tito and his deviationist tactics. So I believe the investment may be a reasonably good one which may pay off in the long run.

From time to time our defense agencies purchase airplanes, which may never fly and construct ships which may never sail, but the Congress does not decide to abolish our defense agencies. Similarly, from time to time the Congress passes laws which may do no good;

but the people do not decide to abolish the Congress.

I merely say that the Congress should not say to the Commander in Chief that, in fighting the cold war, the only people to whom he can talk or the only people he can try to influence in any way or to work with in any way, in an effort to bring them to our side, are our friends.

Of course I know that the way to be considered a real patriot is to stand up and condemn every living Communist; and certainly our Government and its spokesmen and the Members of Congress have proven unmistakably that they are anti-Communist. Whether we have proven that we are able and shrewd statesmen is another question; but certainly we have convinced everyone that we do not like Communists. In fact, we have succeeded in that so well that some people believe that we do not like people.

Recently I have read that some of our citizens have visited in Rumania; and I have noted with interest that it is said that in Rumania, Americans are more popular than any other people in the world. Nevertheless, the Rumanian Government is Communist. But the Rumanian people are more friendly to Americans than are some of the people in the countries of Western Europe.

Mr. President, it will be recalled that some persons in this country helped the Hungarians believe that the United States would come to their rescue if they would fight for their freedom; but we did not. And some persons have said that the United States would help to liberate the satellite countries; I have heard such statements over the television and the radio, and it is common knowledge that our Government has talked about the liberation of the eastern countries. But how is that proposed to be done, Mr. President? Our own President and Secretary of State have said we will not do it by force of arms.

Of course, I believe in the power of prayer, and I am willing to work on that basis. But there also needs to be some help in addition.

Some of the help might be through diplomacy, economic assistance, the utilization of our resources, if our leaders saw an opportunity to utilize properly, for that purpose, our financial assistance, our economic assistance, and our diplomatic skill. That is all we are talking about now. We are not saying that the money of the taxpayers of this country should be spent in these Iron Curtain countries, or that the money of the people of the United States must be poured into these areas which are controlled by dictatorships.

Instead, we are saying that if we can win one square foot of land for freedom, if we can win another 100 people or another square mile or another nation for the cause of freedom, by giving economic and financial assistance, and if the President thinks we can succeed in that effort, we are prepared to authorize it.

After all, under the Constitution the President is Commander in Chief of all the Armed Forces of the Nation. But the attempted restrictions in this case are similar to an attempt to say to the

President, "You can fight a war, provided you use only the infantry, and provided you fight against only certain folks."

Mr. President, I would say to the President of the United States, "Mr. President, a cold war is going on. We want to provide you with everything you can possibly use to win this struggle. You already have the power to use weapons and modern science and technology."

By the way, Mr. President, I gather that much of modern science and technology is to be utilized by our country against an enemy, if our country is attacked. The Congress has already authorized that. The Congress also has already authorized the President to exercise his sole judgment in regard to the dropping of a hydrogen bomb. That authority exists at this very minute. And the President is the one to whom the Congress has entrusted the peace of the entire world, insofar as we have control over it.

We say to the President, "Mr. President, the lives of our families and the wealth and fortunes of the people of our country and the businesses of our country are in your hands. You are in charge of the Armed Forces, and you are in charge of the use of nuclear weapons. You—not the Congress—have charge of all of them. If you believe that in order to protect the security of the country, a 15-megaton hydrogen bomb must be used, you are authorized to have it used." Every Member of the Senate, by his vote, gave that authority to the President.

After having done that, are we now going to say to the President, "Mr. President, you are authorized to use the most horrible weapons that modern science can concoct or that we can conceive of; but you will not be allowed to use \$1 of the money of the American taxpayers if it seems that by doing so you can upset the international Communist movement. We do not trust you to that extent. We are willing to take the chance of having you use your judgment about the dropping of bombs, but we are not willing to take the chance of letting you use your judgment in regard to sending a tractor or a ton of wheat or a stack of clothing behind the Iron Curtain." That is what we would be saying to the President.

On the other hand, I am willing to give the President the tools needed to do the job.

If I have a right to criticize the President, as a citizen and as a Member of the Senate, I believe I also have a right to vote, as a Senator, to give the President what he has requested; and he has requested this.

I realize that, somehow or other—although I do not know how it happened so quickly—a change occurred. Certainly the Senate Committee on Foreign Relations is a responsible committee of this body, and its chairman is one of our most distinguished and respected Members. I hold in my hand the committee print of the bill, the copy of the bill upon which our Foreign Relations Com-

mittee worked; and it worked hard, and long hearings were held.

On page 113 of the booklet which has to do with Senate bill 3318, we find that the Senator from Massachusetts [Mr. KENNEDY] proposed an amendment to the Battle Act. The language of the amendment appears there, and subsequently it is to be found in connection with House bill 12181, as reported by the Senate Foreign Relations Committee.

Following the printed amendment, we find, as in the case of every amendment listed in this volume, a statement of the position of the executive branch of the Government. It is as follows:

The executive branch favors the foregoing Kennedy amendment.

Mr. President, let me point out how much the executive branch favored it. It favored the amendment right up until the 29th day of May. The amendment was supported by the administration. It was supported by the Secretary of State; and I gather that the Secretary of State speaks for the President. He is the President's No. 1 minister, the top Cabinet officer. Until the 29th day of May, until the Assistant Secretary of State in charge of congressional relations, Mr. Macomber—who is an able man—came to the Senate Foreign Relations Committee and reported to the chairman of the committee and to the staff, the White House and the State Department were in favor of the amendment of the Senator from Massachusetts.

At the hearings, the Secretary of State testified. The Senator from Massachusetts [Mr. KENNEDY] diligently, intelligently, and constructively questioned the Secretary of State. The Senator from Massachusetts did not adopt picaunish attitudes; he did not attempt to needle the Secretary of State. Instead, his questions were asked for a constructive purpose.

What did the Senator from Massachusetts ask at that time? In that connection, I read the following question which was asked by the Senator from Massachusetts, as it appears on page 183 of the hearings held by the Senate Foreign Relations Committee:

POSSIBLE REVISION OF BATTLE ACT

The only other question I wanted to ask you is this: Last year this question of the Polish loan came up; and one of the problems, as I understand it, in responding to the Polish loan was not only a political one but the restriction in the Battle Act. Therefore, it was proposed that there might be some change in the Battle Act so that it might be possible for us to give a country such as Poland, which occupies a particular position in the division of power, more direct assistance, instead of having to make the rather elaborate manipulations which you were forced to do because of legislative restrictions.

I do not know whether the situation there is going to be such that we are going to want to continue to give economic assistance.

But assuming that we do, would it be of any assistance to you in your responsibilities if it were somewhat easier for mutual-assistance funds to be given directly to a country like Poland if you felt it was in the national interest, rather than having to use these special steps that you used last year? In other words, I have in mind an amendment to the Battle Act.

Secretary DULLES. Yes; I do believe it would be in the national interest to have the Battle Act amended, and I believe you have made some proposals along those lines.

Senator KENNEDY. That is correct.

Secretary DULLES. The ability to use these funds to achieve the objectives desired by the Congress sometimes is inhibited by the rigidity of provisions which are imposed by the Congress with one situation in mind, and then actually you get a new situation which the Congress did not foresee, but you find yourself tied up with those provisions that were put in for another purpose and which, at the time it was done, it was quite understandable.

Therefore, more flexibility would, in my opinion, be very desirable.

Senator KENNEDY. I want to thank you.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HUMPHREY. I merely want to say this was the general expression of the Secretary, and that general expression—

Mr. BRIDGES. That is what I wanted to bring out.

Mr. HUMPHREY. And that general expression was followed through by the specific proposals of the Senator from Massachusetts, with the specific review and judgment of the Department of State. We were all told, as Senators—those not on the committee and those on the committee—if we had any amendments to the mutual-security bill we should get them in, so they would appear in the committee print, and so every amendment would receive careful attention. The amendment of the Senator from Massachusetts was printed, was brought before the attention of the State Department, and was recommended and approved by the Secretary of State.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. BRIDGES. Is there any place in the record from which the Senator has read which indicates that the amendment proposed by the Senator from Massachusetts was read to the Secretary of State, and that the Secretary of State said, "Yes, I am for it"?

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Massachusetts.

Mr. KENNEDY. In the first place, I point out that this amendment was written by the Department of State. I made a proposal dealing with this subject a year ago. It was sent to the Department of State. The Department made the suggested changes in the language, and thought the language would be satisfactory.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Does the Senator from New Hampshire have any doubt that this amendment when it was proposed had the complete approval of the Secretary of State? I ask that question of the Senator from New Hampshire, who is candid and frank.

Mr. BRIDGES. Yes.

Mr. JOHNSON of Texas. I will say, on my responsibility as a Senator, it had the support of the State Department

when it was offered in committee, and that support has been withdrawn.

Mr. HUMPHREY. As indicated in the letter submitted to the chairman of the committee, the Senator from Rhode Island [Mr. GREEN], under date of April 14, 1958, the State Department rewrote the Kennedy amendment and presented its own amendment to be incorporated in the Mutual Security Act, which the Senator from Massachusetts accepted and presented on his behalf. The letter says: "The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report, and that the enactment of the draft proposed herein would be in accord with the program of the President."

Mr. BRIDGES. Who said that?

Mr. HUMPHREY. Assistant Secretary of State William Macomber, who acts for the Secretary of State in dealing with the Senate in foreign relations.

I have in my hand a copy of the chronological report I asked the staff to prepare for me on this particular amendment, and I ask unanimous consent to have it printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
June 5, 1958.

MEMORANDUM

Senator KENNEDY's amendment to the Battle Act.

You asked me to explain why it was that the staff of the committee, in preparing the special print of the Mutual Security Act of 1958 for the aid of the committee during the markup, included the following statement regarding the amendment of Senator KENNEDY to the Battle Act: "Executive branch position: The executive branch favors the foregoing Kennedy amendment."

Soon after the chairman introduced the administration's mutual security bill by request, Senator KENNEDY asked the staff to consider whether it would be feasible to put in the form of an amendment to the mutual security bill the Senator's amendment to the Battle Act contained in his bill S. 2828. The Department of State commented favorably to the Committee on Foreign Relations on S. 2828. The Department recommended, however, that instead of attempting to amend Public Law 480 and the Mutual Security Act, as well as the Battle Act, Senator KENNEDY should confine his amendment to the Battle Act. The Department sent to the committee a suggested draft amendment to accomplish this purpose.

The staff of the committee worked with lawyers and other officials in the Department of State to prepare the Department's suggested language in the form of an amendment to the pending mutual security bill. The same text was used in Senator KENNEDY's amendment. During this consultation with the Department of State it was understood by all parties that the Department continued to favor attempting to amend the Battle Act using the pending mutual security bill as the vehicle.

In aid of the committee's consideration of the mutual security bill, the special markup print referred to above showed how the existing law would be changed by the executive branch bill, by the House bill, and by amendments proposed by various Senators. In the last column of the print, amendments proposed by various Senators

were printed together with executive branch comments on each amendment.

Senator KENNEDY asked that his amendment on the Battle Act be printed in the special markup print, although he had not had an opportunity to introduce it on the floor. The staff inserted the favorable executive branch comments on the Kennedy amendment quoted above because this was the oral undertaking with representatives of the executive branch. Representatives of the executive branch were given copies of the galley proofs of the markup print prior to the actual markup. These representatives went over the markup print in detail and assisted the staff by pointing out several errors in the print. No objection was made, however, to the inclusion of the favorable comments on the Kennedy amendment.

The markup print was used throughout the several days occupied by the committee's markup. No objection to the favorable comment on the Kennedy amendment was received from the executive branch. The files of the Committee on Foreign Relations show nothing to indicate other than complete support by the executive branch of the proposed change by Senator KENNEDY in the Battle Act.

The committee's consideration of the mutual security bill was completed on May 23. The first indication that the staff had that the executive branch might change its mind as to its support of Senator KENNEDY's amendment on the Battle Act was when Assistant Secretary of State for Congressional Relations Macomber called the chairman on May 29.

Mr. HUMPHREY. Mr. President, as some of my colleagues may know, yesterday I was rather disturbed, as was the Senator from Vermont [Mr. AIKEN], when I had heard and when I read in yesterday morning's newspapers that the administration was weakening on the Kennedy amendment. I know the Kennedy amendment is controversial. I know those of us who support it are going to be accused of all sorts of crimes and misdemeanors. But I thought at least we had the support of the Department of State, I thought we had the support of the Bureau of the Budget, I thought we had the support of the President; because the Bureau of the Budget and the State Department said it was a part of the President's program.

Our friends throughout the world must wonder whether they can depend on the word of the United States Government. If the Senate cannot rely on the word of the State Department, if the Senate cannot rely on the April 14 statement that the proposal therein would be in accord with the program of the President, how can we expect the British and the West Germans and other Europeans and Asians to rely upon the Government?

Mr. BUSH. Is the Senator inferring that the Department has withdrawn from the position the Senator has so clearly outlined?

Mr. HUMPHREY. I hope it has not.

Mr. BUSH. Will the Senator give us some evidence of the fact that the Department has withdrawn from the position he has so clearly outlined?

Mr. HUMPHREY. The State Department has said it would like to see the Battle Act amended along the line of the Kennedy proposal, but not in this bill. It would like to have amended an act which is not before us, and which the State Department knows will not be

before us. So the State Department says it is for the proposal in theory, but not in reality. We are grownup boys. Let us quit kidding. We know how to duck and bob and weave. We have had to handle ourselves in the case of hot issues. We have had to be able to handle ourselves. The State Department should not try to fool elected officials of the United States Senate, who have had to bob and duck and weave.

Mr. JOHNSON of Texas. The Senator does not imply that the Department fools anybody, does he?

Mr. HUMPHREY. No; they only fool themselves.

Mr. BUSH. I think the Senator should give us evidence of the fact that the Department of State has withdrawn from its position. He has given a very excellent address—

Mr. HUMPHREY. I thank the Senator from Connecticut.

Mr. BUSH. In support of the committee report, which I intend to support. I wish to compliment him on the very excellent statement he has made in that connection.

Mr. HUMPHREY. I thank the Senator.

Mr. BUSH. But his statement that the Department of State has backed up is a serious charge to make, and no evidence has been presented to support it. At least, it is not clear to me.

Mr. HUMPHREY. I am glad the Senator from Minnesota and the Senator from Connecticut see eye to eye on this provision of the mutual security bill. I do not want to drive away any votes. If it will satisfy him to say that I shall produce evidence that the State Department would like the change made, but in another act—

Mr. BUSH. I think the Senator is making a very serious charge. I think he ought to support it with incontrovertible evidence.

Mr. HUMPHREY. I think so, too. I am about to give the evidence.

It is not incontrovertible evidence, but it is evidence. On June 5, 1958, a statement was made by the United Press. The Senator from Massachusetts [Mr. KENNEDY] just handed it to me. In fact, the Senator has been the main spokesman of the amendment, which I happen to think it took a lot of courage on his part to offer, and it required a sense of vision and statesmanship to have offered it and advocated it. The United Press stated as follows:

President Eisenhower said today he wants discretionary authority to give economic aid to Iron Curtain satellites but opposes putting such a provision in the Foreign Aid Authorization bill pending in the Senate. Mr. Eisenhower believes it should be handled as separate legislation and not as an amendment to the foreign-aid measure. KNOWLAND noted that the controversial amendment was not part of the administration's original foreign-aid request. It was offered by Senator JOHN F. KENNEDY, who said it was supported in principle by the State Department. KNOWLAND has said he does not "buy, and will not support" the idea that economic aid should be advanced to nations bound to Russia under the terms of the Warsaw Pact.

If the staff member will give me the statement made by Mr. Macomber, I will

give the incontrovertible evidence. I have just given some evidence.

The State Department position, as presented by the Assistant Secretary of State, Mr. Macomber, was:

The Department of State has endorsed the principle of the Kennedy amendment. The Department considers that it is a legislative decision as to whether it should be a part of the Mutual Security Act or other legislation.

Mr. BUSH. Mr. President, Will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. BUSH. I say to my good friend I think he has defeated his own position by reading that statement.

Mr. HUMPHREY. This is the position which Mr. Macomber has been passing around.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. Not at the moment.

Mr. Macomber wants to have the Senate function as the legislative branch. He says it is a legislative matter, to determine whether he will pass a law.

Mr. BUSH. Is it not up to the Senate to make that legislative decision now?

Mr. HUMPHREY. Exactly.

Mr. BUSH. That is why we are here?

Mr. HUMPHREY. Exactly.

Mr. BUSH. That is what Mr. Macomber asks us to do.

Mr. HUMPHREY. What I am saying is that the Department of State did approve the amendment. At the present time, according to the press dispatches and according to the representative of the State Department, the Department of State indicates that while it supports the amendment in principle, it might be better to adopt it in respect to another piece of legislation.

Mr. BUSH. I will say respectfully to the Senator that the last thing he read is from the Assistant Secretary, whom the Senator has been building up as an authority who speaks for the Secretary of State.

Mr. HUMPHREY. The Senator is correct.

Mr. BUSH. And that statement leaves it entirely to the Senate to support the proposition which he recommends.

Mr. HUMPHREY. I agree. Let us support the proposition.

Mr. BUSH. Very well.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. I understood the Senator to say that the Department felt this amendment should be attached to another piece of legislation.

Mr. HUMPHREY. The Senator is correct.

Mr. JOHNSON of Texas. My information is that the Department is agreeable to having the language attached to this bill.

Mr. HUMPHREY. That is correct—originally.

Mr. JOHNSON of Texas. In order to avoid certain conflicts which have developed in this Chamber, it was felt that the Department did not want to pay the price it feels it would have to pay

if the amendment stays in the bill. Therefore the Department has retreated somewhat from its position.

Mr. HUMPHREY. The Senator has not only given the incontrovertible evidence, but he took what I was going to call the convincing evidence, because that is the convincing evidence.

The truth is that the Department of State knows this is a highly controversial matter. The Department prefers not to encumber the bill with this kind of controversy because of the necessity for going to the Committee on Appropriations in addition to getting the authorization. I say, however, what we are asking the Senate to do is to confirm the action. We are asking the Senate to vote upon a stated position on foreign policy by the President.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORTON. All I can say is, "Welcome, stranger. I am happy to see you on this side." I was the one who preceded Mr. Macomber, who has been "kicked around" all night. I can remember that in 1955, when we went before the Senator's committee, we got "kicked around" because we were trying to relax in some way the Battle Act through executive agreement. The Senator from Minnesota and the distinguished Senator from Missouri gave us a hard time.

Mr. HUMPHREY. May I say, most respectfully—

Mr. MORTON. All the Cabinet members concerned with it were beating us over the head. I am happy to say, and I say again, "Welcome, stranger."

Mr. HUMPHREY. I want to say most respectfully and kindly to my good friend from Kentucky that I have not moved a foot toward the other side of the aisle, and I am not exactly quite sure what allegiance I would have to follow if I went over there, in the light of the controversy which seems to exist. I do not think this is necessarily a partisan matter.

Mr. MORTON. It is not. Will the Senator yield further?

Mr. HUMPHREY. It surely ought not be a partisan matter. We are talking about the welfare of the Nation.

I respectfully say to the Senator that the junior Senator from Minnesota was not the one who resisted the efforts of the State Department to modify the Battle Act. As a matter of fact, the junior Senator from Minnesota was one who wrote to the President of the United States in the interest of the nation of Ceylon, when Mr. Nelson Rockefeller was assistant to the President of the United States, urging that economic aid be given to Ceylon, despite the fact that the Ceylonese Government had been required, because of a great economic emergency, to do some business with Red China.

The Senator knows better than to accuse me of trying in any way to hamstring the President's powers in the field of foreign policy. My criticism of the President in the field of foreign policy is not that he does too much, but instead that he does too little. My criticism of the President is not that he leads us too vigorously, but rather that he vacillates.

All I am requesting is a firm approach. I am asking for a sense of direction, and not the wandering in and out, the indecisiveness which we see reported in the press and which Members on this side of the aisle cannot understand.

I do not speak only of myself. I was not the first to speak of this matter. I submit that the very able and distinguished Senator from Vermont [Mr. AIKEN] made it quite clear he was distressed with respect to what he thought was the wobbling of our Government on this issue. If everyone agrees that the Government is not wobbling, if everyone agrees that the Government is in favor of the Kennedy amendment, and if everyone agrees the State Department is in favor of the Kennedy amendment, I say, "Hallelujah."

Mr. MORTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I will ask the Senator from Kentucky: Does he support the Kennedy amendment?

Mr. MORTON. The Kennedy amendment?

Mr. HUMPHREY. Yes.

Mr. MORTON. Certainly. I supported it when I was downtown.

Mr. HUMPHREY. May I reciprocate and say, "Welcome, stranger." [Laughter.]

Mr. MORTON. I was welcoming you, stranger.

Mr. HUMPHREY. Welcome.

Mr. MORTON. And I was downtown getting my head beaten by the leadership on the Senator's side of the aisle, because we had done things they thought gave too much latitude to the Battle Act.

Mr. HUMPHREY. The Senator has a very good head. It was not hurt.

Mr. MORTON. I was getting my head beaten by the Senator from Missouri and others. The Senator from Minnesota was a member of the committee. The Senator was very busy and did not have time to come to the hearings, but he did not file minority views.

Mr. HUMPHREY. May I respectfully suggest to the Senator that it might be better if he would refresh his memory, rather than exercise his rhetoric.

Mr. HOLLAND. Mr. President, will the Senator speak a little louder, please?

Mr. HUMPHREY. I respectfully suggest to the Senator it would be better if he would refresh his memory as to what happened in the Senate Committee on Foreign Relations, rather than exercise his rhetoric.

Mr. MORTON. I am speaking of the Committee on Government Operations, of which I think the Senator was a member.

Mr. HUMPHREY. Yes. In 1955 the Senator from Minnesota was a member of the Committee on Government Operations, on the Reorganization Subcommittee. Am I to understand the Senator appeared before the Subcommittee on Reorganization?

Mr. MORTON. I appeared before the Committee on Government Operations.

Mr. HUMPHREY. Before the Investigations Subcommittee?

Mr. MORTON. The Investigations Subcommittee.

Mr. HUMPHREY. Of which subcommittee I am not a member, I regret to say. I would like to be a member, but I am not.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I would be happy to give the Senator the full list of the membership of the subcommittee. I have not been a member of that subcommittee since 1952.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SYMINGTON. I do not desire to enter into a colloquy with my good friend from Kentucky, but I will say his memory is as erroneous with respect to my activities in this matter as is his memory with respect to the distinguished Senator from Minnesota being a member of the subcommittee.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HUMPHREY. I want to yield to the Senator from South Dakota, but in the meantime I desire to invite my friend from Kentucky to this side of the aisle, because we really do appreciate his point of view.

Mr. CASE of South Dakota. Mr. President, I was going to express the hope that we might have a vote on the pending question tonight. I should like to make the observation, with the indulgence of the Senator from Minnesota, that a long time ago I was taught a bird in the hand is worth two in the bush. If it is a desirable objective to modify the Battle Act, this is a good time to do it.

Mr. HUMPHREY. The Senator is correct.

Mr. CASE of South Dakota. I happen to believe that a bird in the hand is worth two in the bush. I supported the Knowland amendments to the Kennedy labor bill. Now it happens I am supporting the Kennedy amendment to the Mutual Security bill, even though it is opposed by the Senator from California.

Let us take this opportunity to do something to reach the people behind the Iron Curtain.

Mr. HUMPHREY. I salute the Senator. I am ready to yield the floor.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am happy to yield.

Mr. DWORSHAK. The Senator from Minnesota is an astute observer of foreign affairs.

Mr. HUMPHREY. I thank the Senator for his compliment.

Mr. DWORSHAK. Surely the Senator is aware of the trend, whereby we observe the hatred and the hostility in Europe, in the Near East, and in South America toward the United States and our foreign policy.

Does the Senator from Minnesota wish to spend additional billions to create more hostility and to lose friends everywhere in the world? Let us forget about the Iron Curtain and try to retain friends on this side of the Iron Curtain.

Mr. HUMPHREY. I appreciate the sincerity of the Senator's remarks and the deep emotion with which he states his views. All I am trying to do in this

instance is to follow the President for whom the Senator voted. I am trying to help him with his program. If the Senator can get an appointment at the White House, he ought to say to the President, with the same conviction and emotion he has displayed here tonight, what he said to the Senator from Minnesota. I am only 1 of 96 Senators, and I have very little influence on foreign policy.

Mr. DWORSHAK. The Senator from Minnesota is a realist.

Mr. HUMPHREY. I thank the Senator.

Mr. DWORSHAK. The Senator is not blind to developments. He knows what happened to the Nixons in South America. Now he is concerned with winning friends behind the Iron Curtain, when we cannot even retain friends on this side of the Iron Curtain. Why does not the Senator concern himself with solidifying the people who have received \$70 billion of aid since the end of World War II?

Mr. HUMPHREY. The Senator's argument is the most convincing argument I have heard tonight for the Kennedy amendment.

One of the reasons why we are unpopular in South America, according to Vice President Nixon, is that the Communists have been at work on our friends.

The Communists do not confine their work to Rumania and Czechoslovakia. They work in Mexico, Guatemala, Argentina, Brazil, Chile, Peru, and Venezuela. Not only do they go down there and work, but the Vice President of the United States comes back to America and reports that they are effective in their work.

Those are non-Communists countries. They are supposedly anti-Communist countries—and I think they are—but the Soviet Union is offering them economic assistance. It desires to make trade pacts with them, and do business with them. Apparently the Soviets are effective.

Why do not we try some of the same treatment? Why do we not utilize some of our economic power to win friends and strike a blow for freedom?

I have stated my case. I am happy to support the amendment of the Senator from Massachusetts.

Mr. JENNER. Mr. President, I dislike to see the bipartisan foreign policy advocates fall out among themselves. I think it might be appropriate to offer an amendment to send spittoons to South America and teach the people there how to spit. That would be about as practical as the Kennedy amendment.

I do not think there is anything new here. I do not know why the United States Senate has to abdicate its authority to the State Department and do what the State Department wants. All we need to do is to look at the record of the State Department and the history of the mess after mess into which it has led us.

For example, consider the case of China. Would Senators tonight wish to follow the State Department's policy which led to the destruction of China and the Korean war? I do not. That

was the State Department's work. It was said at that time, "Let Korea fall, but do not let it look as though we pushed her."

Why should we be quoting the State Department? It has guessed right hardly once. I can see why the world cannot understand what our policy is. We vacillate. We change. At one time we are to have massive retaliation. The next time we are talking about peaceful coexistence.

It is a strange thing, but with all the discussion here tonight I have not heard any Senator talk about the solvency of this country. It seems that the answer to every problem which arises on the floor of this great and august body is to spend more money. The debt of this country tonight is \$280 billion. The contingent debt of the Federal Government tonight is more than \$250 billion. The State and municipal debt is more than \$50 billion. The individual debt is more than \$113 billion; yet we stand here, like "Uncle Sugar" and say, "We have the answer to the difficulty. We have the answer to the peace and future prosperity of the world. We have the answer to the future security of our country. We are going to spend more money."

I ask, where are we going to get it? We have a \$3 billion deficit coming up this year. We face a deficit of between \$8 billion and \$10 billion next year.

These programs are only the beginning. The Senator from California stated the situation correctly last year. This program is the nose of the camel under the tent. It started a few years ago on this floor. Some beautiful phrases were used. Leading Senators said, "Let us help war-ravaged Europe to its feet. This is only a 4-year program, involving an expenditure of \$15 billion to \$17 billion. Do not throw a 15-foot rope to a man drowning in 25 feet of water."

We got war-ravaged Europe up on its feet. We rebuilt its facilities. In many instances it has better plants and production facilities today than we have.

That was not the end. Next it was NATO. Next it was SEATO. Next it was something else. Tonight we have a new one.

I am ashamed of the United States Senate when I think that we are spending \$40 billion of the taxpayers' money tonight for defense. What for? To build up the defense and security of this Nation against communism. On the other hand, we spend hours debating a proposal to give money to the very people that we are spending \$40 billion to defend our country against.

Let us not be naive. We talk about Tito. Tito is defecting again. That happens periodically, just as the sassafras comes up in Indiana. It occurs regularly. Tito always defects when we have under consideration the mutual security bill. Last year he defected, and we sent him jet planes and made him happy. Within 30 days after we passed the bill, when the ink was hardly dry, he was over in the Balkans drinking and having a good time with Khrushchev and other Communists.

What did Khrushchev tell the world? He said, "Communists will never change their objective until shrimps learn to whistle." Shrimps have not yet learned to whistle.

What did Tito say? After the ink was dry, and he got our money, he said, "If it comes to a military conflict, I will march by the side of the Communists." Now Senators want to help him tonight.

I am soon leaving this great and august body. Do Senators wish to start a new program while our country is already hopelessly in debt? The people require a third of all we produce in this country to pay taxes. The costs of Government are going up and up and up, and the value of the dollar is going down, down, down. Where do Senators think we shall end?

We are playing into the hands of the Communists. We do not need to worry about the peace and security of this country. We do not need to worry about the Communists. We do not need to worry about the sputniks and the guided missiles. We shall destroy ourselves, before the Communists ever get to us.

How are we going to help communism in satellite countries without helping communism everywhere? Are we so naive, after all the experience we have had with communism? Every department of government has declared communism to be a world conspiracy out to overthrow and destroy not only this country, but the entire world.

Are we so naive as to believe that we can separate Russian communism, Chinese communism, and North Korean communism from Rumanian communism, Hungarian communism, Yugoslavian communism, and Polish communism? No, we cannot.

We constantly refer to the State Department, and what it wants. I usually want just the opposite of what the State Department wants. The State Department says, "We are against international communism, but we are not against national communism." They have national communism in Poland. They have national communism in Yugoslavia; yet they all say they are still Communists. Tito says he is a Communist. Communism is dedicated to the overthrow and destruction of my country and the country of my colleagues.

The Senator from Minnesota [Mr. HUMPHREY] himself said that one of the greatest pro-American countries in the world tonight is Rumania. He said that Rumania is stronger for America than any other country. Yet it is under Communist rule. Let us leave them alone. Let us not send them any money, or they will turn against us, too.

This debate could go on for months, so far as I am concerned. However, when we are starting another new program the question is, what will it cost? God alone knows what it will cost.

The distinguished chairman of the Committee on Foreign Relations, the former Senator from Michigan, Mr. Ferguson, the Senator from Louisiana [Mr. ELLENDER], and I made a trip around the world about 7 years ago. That was when we started the big boon-

doggling enterprise. We were messing around with countries in Europe, so to speak, trying to put them on their feet. We did a pretty good job of it. As we went along we were told in one country: "That other country is getting more than we are getting. You will have to give us more." That is what we were told in every country we visited. Every country wanted more. We went around the world. As we went to other countries we were told, "You are giving Western Europe help. You had better give us some, too, or we will go Communist."

I say to the Senate that this has become an international blackmail game. Maybe it is a good game to play, if one can afford it.

I ask the chairman of the Committee on Finance or any other member of that committee: "Do you think this country can go on and on and on with deficit spending, and can go on and on cheapening the dollar, and then stand up against communism or any other kind of ism?"

Oh, we have heard many speeches about what a good thing it is to buy friends. I say we cannot buy friends. We cannot buy the hearts and minds of people. There are enough people in Western Europe, if they want to fight communism, who can fight it today and can stand up against it. If the 350 million people over there cannot do it, they will be a millstone around our neck if trouble should come.

There are enough people in the Middle East and in Africa who, if they want to fight communism, can stand up tonight and fight it. However, we cannot buy the hearts and minds of people. It is possible to buy a few governments or politicians, but it is not possible to buy friends.

Let us consider what we have done during the past 90 days. Some persons act as though there was no limit to the resources of our country. We increased defense spending by more than \$4 billion. We increased the lending authority of the Export-Import Bank. We stepped up the highway program by \$1,800,000,000. We authorized an increase in public housing by \$1,600,000,000. For the Commodity Credit Corporation we authorized \$3.5 billion. Are we interested in the peace and security of this country? I wonder. Are we against communism? I really wonder.

When World War II ended, there were only 175 million Russians, and, as the Senator from South Dakota said, only 5 million Communists in all of Russia and in all the world. We followed the policies of the State Department, under both Democratic and Republican leadership. Where do we stand tonight in the fight against communism? A third of the world's surface is controlled by communism, and so are the lives of more than a billion people.

What did we do when we extended the Commodity Credit Corporation authorization? We hear a great many trick slogans. We are told that it is necessary to have trade, not aid. "Trade not aid" was another slogan.

Even in my State people are going around saying what a wonderful thing

it is that 4½ million people are working materials for foreign aid. We are told that we are in a recession, and we cannot cut foreign aid, because 4½ million Americans are making goods for sale in the foreign aid program. "Trade not aid."

Do Senators know what was the result of the \$3½ billion Commodity Credit Corporation bill? It did more to weaken and destroy the peace and security of this hemisphere than anything we have done in many years. Why? I ask Senators where the trade of this country is. To listen to the internationalists, one would gain the impression that it was all over in Europe. Well, it is not. Twenty-five percent of the total export trade of this great country goes to 1 nation of 17 million people just north of the border, Canada. Fifty percent of our total export trade goes to Latin America. However, with the pending bill we would seek to give something away to the rest of the world, to people who will hate us for it. I remind the Senator from Idaho [Mr. DWORSHAK] the cost of foreign aid is now \$72 billion. We give all that money to the people of the world. We are told that they will pay it back. Of course we know that that is only a joke. In the meantime, what happens to Canada, our best customer, which takes 25 percent of all our export business? We will destroy that market.

I could go on all night. I am ashamed and shocked by what I have heard tonight on the floor of the Senate. Are we against communism, or are we not? Have we not had enough proof of the fact that we cannot buy friends? We have spent billions of dollars, and where are our friends? Now we are about to continue the effort to buy people. I predict that within a year we will be doing the same thing for Russia and China.

Mr. President, I am ready to vote.

Mr. DIRKSEN. Mr. President, I intend to support the proposal of the distinguished Senator from California. No apology is required on my part when I say that.

If Senators will examine the RECORD for July 24, 1956, when the proposal for military aid to Yugoslavia was before the Senate, the distinguished Senator from California offered an amendment to end that aid. I opposed him on that occasion. He prevailed at that time, and I supported the position of the administration. It was not a very easy thing to do. The most influential newspaper in the Middle West carried an editorial a few days later under the caption "Tito's Senators." I was listed as one of them. That is not a very happy situation to be in. However, I have no apology to make for supporting the position asserted by the Senator from California this evening.

In order to get this matter into context, we ought to think a little about the original act which is sought to be amended by the Kennedy amendment. I refer to the Battle Act, which was placed on the statute books in October 1951. It has been on the statute books for nearly 8 years. How strange that such an

urgent to-do should be made about it tonight. Why did not someone come forward with such a proposal before this hour? There was time to do it last year. Conditions were ripe for it. There was time earlier in the year. Conditions were then ripe for it.

Out of a clear sky, the Battle Act, after having been the unquestioned law of the land for 8 years, now becomes the object of a very passionate and emotional interest on the part of the Senate. That to me is strange indeed. I ask members of the Committee on Foreign Relations, in all conscience: "How much time did you devote to the Kennedy amendment?" I have been unable to find out. If our distinguished friend from Minnesota refers me to the record, I can count words and measure them, if the record is any criterion, and say to him: "You did not spend more than 5 minutes on the revision of the Battle Act." If that statement requires any verification I suggest that we look at pages 183 and 184 of the hearings. There is contained the only allusion to it that I can find in the record before us.

That is not very good consideration of a law which had so much discussion and which has been on the statute books of this Republic for almost 8 years. Do not Senators believe that such a law is entitled to more consideration than that? I do, notwithstanding what the State Department may have to say. I am not certain that I know what the attitude of the State Department is, but I say incontrovertibly tonight that I know what the President's attitude is, because I raised the question at the White House this morning. I have never revealed until now, at any time, anything which has been disclosed in the conferences we have had with the President every week. But I think I can say—and if the President wants to scold me for it, I will graciously accept the scolding—that he is not very happy about amending, after so little consideration, a substantive act which has been on the books for 8 years, and then having the amendment incorporated in the mutual-security bill which is before us tonight. I simply raise some questions about such a procedure.

It is well, oftentimes, to go back and refresh our memories about some of these things. What does the Battle Act provide? First, it contains a statement of policy:

The Congress of the United States, recognizing that in a world threatened by aggression, the United States can best preserve and maintain peace * * * in cooperation with other free nations.

Has any nation been consulted? Have we heard from any of them? What will be the impact of the proposed action on those who may not agree with us? There may be free countries which would not care to extend that kind of aid. But that is what the Battle Act says in its statement of policy. Then the act continues:

It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it—

That nation—
applies an embargo.

That is what Congress provided in the Battle Act. We said, in substance, that if we send something to a certain country under the Mutual Defense Act, there is an implied promise that that country will not send it to another country which we do not like, and the act recites the countries or recites the orbit. What shall we do about it?

What do we think Germany will say? What do we think Italy will say? I do not know. I do not share the confidences of those people, I suppose. I do not share the confidence of Tito. I do not share the confidence of Khrushchev. I do not know what is in their minds.

But I do know what Congress wrote on the statute books, and I want to have some regard for it.

Is there such a hurry about this matter? Any Senator, in 5 minutes, can take a pocketknife and cut out the pertinent language of the bill, pin it to a piece of paper, ask that it be printed, and the next morning it will come from the Printing Office as a separate piece of proposed legislation to amend the Battle Act.

I ask the members of the Committee on Foreign Relations, How busy are you? Are you so engaged in work that you cannot give a couple of days' consideration to this question? Perhaps the Battle Act needs a lot more attention than we think it does. Perhaps there are other amendments which should be made. Perhaps there are other considerations which should be taken care of. It may not take so long. The committee has the authority to hold hearings and to get the whole story; and in a week a proposal can be before the Senate to amend the Battle Act, with the assurance to the Senate that it will have had more than 5 minutes of consideration.

I want to nail down one thing. I do not know what Mr. Dulles said about this; I have not talked to him. I do not know what Mr. Macomber said about it, although he was on the Hill tonight. But I do know what the President said this morning, and I think I am entitled to disclose that the President thought the proposal ought to have better consideration than it has received. He thought it was infinitely better legislative technique to have it considered separately than to bring it forward after so sudden consideration and then to make it a part of the mutual security bill.

This is a rather amazing procedure, in my judgment. I do not believe there is any need for such hurry. I would rather take a little time. I know all the fuss and feathers that went with it when the Battle Act was before the Senate for consideration and was amended on a number of occasions before it took its final form. That is the story.

There is another thing to which I invite attention. What does the language provide? This disturbs me a little. This is the language of the Kennedy amendment:

This act shall not be deemed to prohibit furnishing economic and financial assistance.

Let me ask: How much financial assistance? How much is to be furnished all

those countries, with the exception of those which are specified? Is there a limit? I have not been able to find it, and I have worked on this bill and tried to put it together. This is a very difficult bill to refer to section by section, paragraph by paragraph.

How much financial assistance will be given to Tito? What does financial assistance mean? In my book, it means money. It could be a loan; it could be a grant.

How much financial assistance will be given to Rumania? How much financial assistance to Bulgaria? I would like to know a little something about that.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KENNEDY. The bill does not provide for the authorization of an appropriation of any financial economic assistance. What it states is that nothing in this act shall prohibit the giving of economic or financial assistance until certain conditions are met. That is quite different from saying that it provides for an authorization, in any way, of economic or financial assistance to those countries. The bill merely states that the provisions of the Battle Act shall not apply and the prohibitions against giving economic and financial assistance shall not apply unless the President makes a determination that those countries meet three conditions. In that case, financial and economic assistance can be given, if it is according to the acts of Congress and according to the determination of the President.

Mr. DIRKSEN. Indeed, so. The language would not be here if it did not have that provision in it. If I had written the language, I would have written: "This act shall not be deemed to prohibit the furnishing of goods and services," if I had to go even that far.

Then there would have been another requirement. Before goods and services could be actually tendered, a determination would have to be made and the Committees on Appropriations of the House and Senate and the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs would have to be notified, and the matter disclosed to the country. Is that too much to ask? Then, if there should be a feeling of dissidence and protest, the people could say so. But I think they ought to be put on notice.

I would rather dispose of goods and services, if we had to, rather than to put the aid on the ground of economic and financial assistance, because that is where we will get into serious trouble. We have been charged with being niggardly with our own people. I would rather not issue an open-ended, blank check for financial assistance to countries with whom we have no spiritual affinity in the sense that we see eye to eye with them in the political medium.

I can say this without apology, because I defended the administration on the airplane deal with Yugoslavia 2 years ago on the floor of the Senate. I have felt the time has come to take a look at the situation; to be in no great haste about it; to consider for a moment what some of the other countries may have

in mind. When all is said and done, the Battle Act states:

In cooperation with other free nations.

Perhaps we ought to take a little time to ascertain their sentiments before we go entirely overboard. There is no hurry. Hearings can be held on the matter for a week, and the committee can then report an independent bill. We will then know a little more about the situation.

So if I had no other reason for supporting the amendment offered by the distinguished minority leader, this would be enough, indeed. I hope the Senate will not make this mistake tonight, but that it will take a little time to consider the question. If I divine the signs of the times, we shall be here for quite a while. I would not be a bit surprised if we were here until well into August. So there will be abundant opportunity to give attention to the matter and then to write a good provision.

So tonight I suggest to the Senate—and I apologize for detaining Senators at this late hour—that we simply stop, look, and listen, before we amend in such haste an act which has been on the statute books since October 1951. Until this good hour, there has evidently been no diligent effort to modify it. So I believe it deserves better than it has received tonight.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield for a question?

The PRESIDING OFFICER (Mr. CHURCH in the chair). Does the Senator from Illinois yield to the Senator from Ohio?

Mr. DIRKSEN. Mr. President, I was about to yield the floor. But I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, in the printed hearings, I find that the discussion of possible revision of the Battle Act, on pages 183 and 184, constitutes less than one full page of print.

Mr. DIRKSEN. That is correct.

Mr. LAUSCHE. Has the Senator from Illinois examined the printed hearings, to ascertain whether any other evidence on that subject is included among the total of 798 pages? I have examined the index; and from it I find that the only testimony on the Battle Act appears on pages 183 and 184.

Let me ask the members of the committee whether any other testimony on that subject appears in the printed hearings.

Mr. DIRKSEN. Mr. President, I yield the floor. Now my friend, the Senator from Ohio can assume the floor.

Mr. LAUSCHE. I have stated what I have in mind.

Mr. SALTONSTALL. Mr. President, I do not like to disagree with my leader or with the Senator from New Hampshire [Mr. BRIDGES] or with the Senator from Illinois [Mr. DIRKSEN] or with other Senators who have spoken in favor of the amendment of the Senator from California [Mr. KNOWLAND]. But it seems to me that the question before the Senate is a very simple and very clear one. It is not whether the State Department has wobbled this way or that way. Unques-

tionably, from what I have learned, the State Department has wobbled.

The question before the Senate is not whether the President wants this amendment of the Battle Act enacted into law as a part of the Mutual Security Act of 1958 or by means of separate legislation.

We are faced with the problem of determining what is the best we can do for the security of the country, and to make it possible for our country to have the best possible foreign policy, so as to enhance the national security. Our foreign policy has been criticized severely for its lack of flexibility, its lack of imagination, its failure to do new things in new ways, its failure to do things which we hope may increase the security of the country.

Each Senator must decide this question for himself. I agree 100 percent with the statement made by the Senator from New Hampshire [Mr. BRIDGES], who said that the question before us is not what the administration or the President wants, although it is true that we should consider, as a part of the problem facing us, what we can do to help the Chief Executive obtain better security for the country.

Three alternative determinations have been set forth in the committee provision sponsored by my colleague from Massachusetts [Mr. KENNEDY], and one of those determinations must be made by the President as a precondition to suspension of the Battle Act prohibition in granting assistance of this sort. Before the assistance may be granted, the President must find that 1 of the 3 stated conditions will be satisfied. Each of these conditions is calculated to improve the security of the United States. When the President determines that one of those conditions will be met, economic and financial assistance may be furnished; and when he makes that determination, he must report the determination with reasons therefor to the appropriate committees of the Senate and the House of Representatives.

Regardless of whether the President would like to have such authority provided as a separate amendment of the Battle Act or as a part of the pending bill, we must decide whether giving him such authority will be for the greatest security of the country and whether it will provide greater opportunity for flexibility and imagination in the conduct of our foreign policy.

Mr. President, believing that the proposed amendment of the Battle Act contained in the bill will so provide, I shall support the position taken by the committee.

Mr. KENNEDY. Mr. President, will my colleague yield to me?

Mr. SALTONSTALL. I yield.

Mr. KENNEDY. The amendment does not provide funds for the giving of financial or economic assistance to any of these countries. Under the language of the amendment, there are no new funds the President can use to give such assistance to these countries.

We make barter arrangements under the provisions of Public Law 480 and sales for which they pay in their currency. This amendment would permit us to

make loans to them of such currency. So the amendment does not provide funds for any economic or financial assistance. It removes the prohibition against the making of such loans if the President in his judgment finds it wise to make the loans.

Mr. DIRKSEN. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I am glad to yield.

Mr. DIRKSEN. Mr. President, if the Senator from Massachusetts is correct, except that the amendment will remove the present interdiction in the case of any funds which will become available under this act or at the discretion of the President. Is that correct?

Mr. KENNEDY. That is true. Under the section 401 contingency fund the President is already able to give assistance to a country such as Poland—as he did by means of the loan of \$30 million which is being administered by the Export-Import Bank. In section 401 of the Mutual Security Act there is a limitation of \$30 million per country per annum. The fact is that the President was able to do that under the existing provisions of the Battle Act, last year; and this amendment will not affect that provision.

Mr. DIRKSEN. But the question is, Will the President do it; and to what extent?

Mr. KENNEDY. We must stick to the point. The Senator's point was that the amendment provides funds for economic and financial assistance to be given to these countries. But the amendment does not do so. It merely removes the prohibition contained in the Battle Act in the case of economic or financial assistance to these countries.

However, I have already pointed out that under the section 401 contingency fund the President is already able to give such assistance to a foreign country; and last year he did so, to the extent of \$30 million, notwithstanding the present provisions of the Battle Act.

Mr. DIRKSEN. That is exactly correct. And under the provisions of the pending bill, without this amendment, that authority will still be available.

Mr. KENNEDY. Yes, if the amendment is agreed to.

Mr. SALTONSTALL. Mr. President, I have the floor, and I wish to proceed.

Let me say that the situation is confused.

However, the question now before us is what will be in the best interests of the security of our country.

I agree with my colleague [Mr. KENNEDY] that the language in question does not itself authorize the furnishing of assistance; it would remove a prohibition on furnishing assistance authorized elsewhere. When the prohibition is removed, the Appropriations Committees will still have to decide how much money to make available for any assistance to be furnished.

We must determine whether we wish to give the executive branch of the government greater flexibility in the conduct of our foreign policy. In my opin-

ion, it is very important that we do so at this time.

Mr. WATKINS. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. WATKINS. Mr. President, I am confused as to just what the President can do, if the amendment is agreed to, with respect to giving financial aid or economic aid to these countries. What will he be able to do, and under what laws?

Mr. SALTONSTALL. I am not a member of the committee; but it is my understanding that the amendment will remove a prohibition contained in the Battle Act which prevents the President from giving any aid to certain countries under certain conditions. It is my understanding that when, by means of the adoption of this section of the bill, that prohibition is removed, then, if the President finds that one of the stated conditions is met, he will be able, if he so desires, to extend economic aid. The amount to be appropriated for that purpose must be determined by the Congress.

Mr. WATKINS. Will the President then be able to make such aid available without the taking of further action by the Congress?

Mr. SALTONSTALL. No, not beyond what my colleague [Mr. KENNEDY] has described, and action must be taken by Congress by means of the appropriation bills.

Mr. WATKINS. And in accordance with what the Congress has stated.

Mr. SALTONSTALL. Yes; apart from contingency funds and loans the amount must be in accordance with what Congress decides, following the recommendations made by its Appropriations Committees, as to the proper amount.

My interpretation is that the Appropriations Committees may recommend that no additional money be made available for this purpose, or the Congress may decide not to make any money available for this purpose.

Mr. WATKINS. Then, as I understand, further action by Congress would be required.

Mr. SALTONSTALL. Yes; once the prohibition was removed, the enactment of an appropriation bill would be required.

Mr. WATKINS. Then I cannot understand how the amendment would be effective and why its adoption immediately is necessary.

Mr. KENNEDY. Mr. President, the adoption of the amendment in itself will not mean that additional funds for economic or financial assistance will be provided. But my amendment would make it possible, under the provisions of Public Law 480, for sales proceeds in foreign currency to be loaned back to other countries, or for dollar loans, through the Export-Import Bank to be made. This amendment would be the first step which would have to be taken before certain restrictions on economic or financial assistance could be removed. But in addition to this step, it would also be necessary for the Congress to act to provide funds.

Mr. WATKINS. Mr. President, it now appears that adoption of the amendment would have the effect of making it possible for our country to give such assistance, either by means of the Export-Import Bank or under some other law. So, in effect, this language constitutes an authorization for the President to give relief through those agencies, without any further action by the Congress. Is that correct?

Mr. KENNEDY. The Senator can state it any way he chooses. I am stating there is no money given. It will be possible, when the bill is passed, to provide loans.

Mr. WATKINS. In other words, the countries get assistance, and effective assistance, running into the millions of dollars?

Mr. KENNEDY. They get effective assistance, I believe.

Mr. WATKINS. But no other money can be provided except by appropriation.

Mr. President, I have looked at the record. I have been very much disturbed. I wanted to go along with this program, but it seems to me if that is the effect of the Kennedy amendment, and its only effect, and the matter would still have to be acted on by Congress, we should give further consideration to it. I can find only one page of testimony about it. I voted for the Battle Act. As I remember, it was sponsored by a good Democrat from Alabama. I feel the act has been effective since it has been on the books. I should not like to see legislation of that kind wiped out by an amendment, when the committee did not hold a hearing on that point.

I think there is some merit to what I am saying. I should like to support the administration on the bill, but I am disturbed by the statements I have heard about following the President and having confidence in him.

If the proponents on the other side of the aisle have confidence in the President, why are they not willing to follow the President on a change of his mind? The President has stated now that he would like to have the change in some other legislation. The proponents are willing to trust him in great affairs, in connection with the spending of millions of dollars for foreign nations; but when the President makes a small change in his opinion of the way the law should be amended, the proponents will not accept that. Yet they take his leadership. How much sincerity is there in the claim that we should follow the President? Is not his judgment to be trusted in this case, as in other cases? A case has almost been made that the President should not be trusted. It is said that the President changes his mind too often. Yet the proponents want us to go along with the President, and to trust him in great affairs that affect the destiny of the whole world.

I have respect for the sincerity of the proponents, but it seems to me they are taking an inconsistent position. They say we should follow the President, and then they say the President wobbles in his position, and they ask how we can trust him. If those making the argument are sincere when they say they de-

sire to trust the President, they should be willing to follow him when he says the best way to change the law is to do it by passing another bill.

Mr. NEUBERGER. Mr. President, I should like to ask the distinguished senior Senator from Wisconsin a question, if I may. Will he yield for a question?

Mr. WILEY. Is the Senator talking about me?

Mr. NEUBERGER. Yes. The senior Senator from Wisconsin is distinguished, and I should like to ask him a question.

I believe the Senator from Wisconsin spoke earlier this evening in favor of the Kennedy amendment. If I am not mistaken, the Senator from Wisconsin was at the conference at the White House with the President. May I ask the Senator what his impression is regarding the present position of the President of the United States on this issue?

Mr. WILEY. I doubt very much whether I am at liberty to tell what took place at the White House conference. I can say that the distinguished minority leader and I had a little discussion as to the meaning of this particular provision. I will also say the President and members of his Cabinet expressed themselves. But I shall not undertake to interpret the President's remarks. I understand that in another hearing the Secretary of State very definitely stated he was in favor of it. I may also say I have just come from a meeting where there was talk in that direction.

Mr. NEUBERGER. I should like to explain very briefly why I asked the question. I believe the attitude of the President of the United States on a question like this is very vital, particularly to Members of the Senate, who, like myself, are not experienced in foreign relations, and who do not serve on committees charged with foreign affairs.

We have heard this evening from a number of eminent Senators on the other side of the aisle. Many of those who have expressed themselves on this issue were present at the conference with the President. Some of them have come back to the Senate and have stated they are opposing the Kennedy amendment and feel that in doing so they are carrying out the wishes of the President. Others have said they are supporting the Kennedy amendment after their conference with the President.

It seems to me on an issue like this perhaps the Senate should have the views of the President of the United States in writing.

SEVERAL SENATORS. Vote! Vote!

Mr. MORTON. Mr. President—

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MORTON. In a recent colloquy I was questioned by the Senator from Missouri for implying he had jumped on me and my colleagues, when I was a member of the administration, about our rather loose implementation of the Battle Act. If I said anything wrong, I apologize to my friend, and state that I am sorry.

I refer to the hearings of the Permanent Subcommittee on Investigations of the Committee on Government Operations, 84th Congress, 2d session, for Feb-

ruary 15, 16, 17, 20, and March 6. If my colleagues will read those hearings, I think they will be able to form their own conclusions.

Mr. HUMPHREY. Mr. President, does the Senator find any reference to the junior Senator from Minnesota being at the hearings, since the Senator included me?

Mr. MORTON. No. The junior Senator from Minnesota was not on that committee.

Mr. HUMPHREY. I thank the Senator. I was not present on the committee and was not a member of it.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO 11 A. M.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD at this point, a statement prepared by me.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRIDGES

I wish to call the Senate's attention to a dangerous departure from the policy and purpose of the mutual-security program which has been proposed by the junior Senator from Massachusetts [Mr. KENNEDY] and which is included in the Mutual Security Act of 1958, as reported by the Senate Committee on Foreign Relations.

I refer to the amendment rewriting the Mutual Defense Assistance Control Act of 1951—the so-called Battle Act—to make it easier to provide economic and financial aid to such Communist satellite nations as Czechoslovakia, Hungary, Poland, and Yugoslavia.

Under the Battle Act no military, economic, or financial aid can go to any nation trading in arms, atomic-energy materials, or other strategic materials with the Soviet Union or Soviet-dominated nations. The President can make an exception in the case of shipments to the Soviet bloc of certain strategic materials other than arms and atomic-energy materials. He can continue aid to countries making such shipments if he certifies to the Congress that termination of aid would be

detrimental to the security of the United States.

In effect present law says to satellite and other nations: If you want help from us, you cannot send war materials to our potential enemies. If you ship war materials to Russia and the countries it dominates, you cannot expect aid from us. But it even modifies this restriction under special circumstances in the case of strategic materials other than actual implements of war and atomic-energy materials. Such a restriction is the very least we should impose upon nations receiving United States assistance under the Mutual Security Act.

But what does the Kennedy amendment propose? It proposes to subordinate this mild restriction except as it applies to Soviet Russia, Communist China, and North Korea. As to that exception, I must say: Well, I should hope so.

And what would the Kennedy amendment substitute? What restriction would it put on economic and financial assistance to Communist satellite nations? In brief, the Kennedy amendment would authorize the President to give aid to the satellites whenever he thinks such aid would encourage them to be more independent of Russia and Red China.

The Kennedy amendment would remove the Battle Act's restriction against economic or financial assistance to any nation except Russian, China, and North Korea. It would permit economic and financial assistance to encourage nations to be more independent of Sino-Soviet domination, even though those nations might be shipping arms, atomic energy materials, and other strategic items to the Sino-Soviet bloc.

The Kennedy amendment would go even further. It would permit the Administrator of the Battle Act—the Deputy Under Secretary of State for Economic Affairs—to continue aid to nations shipping certain strategic materials other than arms and atomic energy materials to satellite nations newly eligible for aid under the independence encouragement part of the amendment. Here again, I must say that such authority should be given to no one.

I remind the Senate of the purpose of the mutual security program, as it is clearly stated in the Mutual Security Act, section 2, statement of policy—(a) which says:

"The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination, declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom."

This is a long sentence. Essentially it says that the policy of the United States is to aid free nations maintain their freedom from domination by international communism which threatens the peace of the world and the security of the United States.

It does not say the policy and purpose is to aid Communist nations maintain their communism, nor does it say that it is to aid Communist satellite nations maintain their status of allegiance to or acceptance of communism in any degree.

In the same section, paragraph (c), the Mutual Security Act goes on to say: "It is the sense of the Congress that assistance under this act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence." It does not say, under circumstances which will permit them to ship strategic materials to Russia and Red China to help international communism dominate the world.

I regret that the junior Senator from Massachusetts saw fit to offer his amendment.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Have the yeas and nays been ordered on the Knowland amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FREAR (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. KERR]. If he were present and voting he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY], are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senators from New York [Mr. IVES and Mr. JAVITS], the Senator from Pennsylvania [Mr. MARTIN] and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

The Senator from Wyoming [Mr. BARRETT] is paired with the Senator from New York [Mr. IVES]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from New York would vote "nay."

The Senator from Kansas [Mr. SCHOEPP] is paired with the Senator from New York [Mr. JAVITS]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from New York would vote "nay."

The result was announced—yeas 43, nays 42, as follows:

YEAS—43

Allott	Curtis	Holland
Anderson	Dirksen	Hruska
Beall	Dworshak	Jenner
Bible	Eastland	Johnston, S. C.
Bricker	Ellender	Jordan
Bridges	Ervin	Knowland
Butler	Flanders	Kuchel
Byrd	Goldwater	Langer
Chavez	Hickenlooper	Lausche
Cotton	Hoblitzell	Malone

Martin, Iowa
McClellan
Mundt
Potter
Revercomb

Robertson
Russell
Smith, Maine
Stennis

Talmadge
Thurmond
Watkins
Williams

NAYS—42

Aiken	Hayden	Neuberger
Bennett	Hennings	Pastore
Bush	Hill	Payne
Carlson	Humphrey	Proxmire
Carroll	Jackson	Purtell
Case, N. J.	Johnson, Tex.	Saltonstall
Case, S. Dak.	Kefauver	Smathers
Church	Kennedy	Smith, N. J.
Clark	Magnuson	Sparkman
Cooper	Mansfield	Symington
Douglas	McNamara	Thye
Fulbright	Monroney	Wiley
Gore	Morse	Yarborough
Green	Morton	Young

NOT VOTING—11

Barrett	Javits	Murray
Capehart	Kerr	O'Mahoney
Frear	Long	Schoeppel
Ives	Martin, Pa.	

So, Mr. KNOWLAND's amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Illinois [Mr. DIRKSEN] to reconsider.

Mr. JOHNSON of Texas. Mr. President—

The PRESIDING OFFICER. The Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, on this question I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Illinois to reconsider. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORTON (when his name was called). On this vote I have a live pair with the Senator from Kansas [Mr. SCHOEPP]. If I were at liberty to vote, I would vote "nay"; if the Senator from Kansas were present and voting, I am informed that he would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senators from New York [Mr. IVES and Mr. JAVITS], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from Kansas [Mr. CARLSON] and the Senator from Indiana [Mr. CAPEHART] are detained on official business.

If present and voting, the Senator from New York [Mr. Ives] would vote "nay."

The Senator from Wyoming [Mr. BARRETT] is paired with the Senator from New York [Mr. JAVITS]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from New York would vote "nay."

The Senator from Kansas [Mr. SCHOEPPPEL] is paired with the Senator from Kentucky [Mr. MORTON] and that pair has been previously announced.

The result was announced—yeas 45, nays 39, as follows:

YEAS—45

Allott	Ellender	Lausche
Anderson	Ervin	Malone
Beall	Flanders	Martin, Iowa
Bennett	Frear	McClellan
Bible	Goldwater	Mundt
Bricker	Hickenlooper	Potter
Bridges	Hoblitzeil	Revercomb
Butler	Holland	Robertson
Byrd	Hruska	Russell
Chavez	Jenner	Smith, Maine
Cotton	Johnston, S. C.	Stennis
Curtis	Jordan	Talmadge
Dirksen	Knowland	Thurmond
Dworshak	Kuchel	Watkins
Eastland	Langer	Williams

NAYS—39

Aiken	Hennings	Pastore
Bush	Hill	Payne
Carroll	Humphrey	Proxmire
Case, N. J.	Jackson	Purtell
Case, S. Dak.	Johnson, Tex.	Saltonstall
Church	Kefauver	Smathers
Clark	Kennedy	Smith, N. J.
Cooper	Magnuson	Sparkman
Douglas	Mansfield	Symington
Fulbright	McNamara	Thye
Gore	Monroney	Wiley
Green	Morse	Yarborough
Hayden	Neuberger	Young

NOT VOTING—12

Barrett	Javits	Morton
Capehart	Kerr	Murray
Carlson	Long	O'Mahoney
Ives	Martin, Pa.	Schoeppel

So the motion of Mr. KNOWLAND to lay on the table Mr. DIRKSEN's motion to reconsider was agreed to.

PROCESSES AND PROCEDURES IN ELECTIONS OF OFFICERS OF LABOR ORGANIZATIONS

MR. MUNDT. Mr. President, this week the Senate Committee on Labor and Public Welfare is marking up a new piece of labor legislation to bring before the Senate, in conformity with its earlier agreement. I have before that committee Senate bill 3045, in connection with which I appeared as a witness.

As originally introduced S. 3045 provided that labor organizations would be denied the facilities of the National Labor Relations Board unless they showed to the satisfaction of the Board that their constitutions and bylaws contained the provisions for democratic practices in officer elections and strike authorizations which were set forth in my bill.

It was my feeling that the mere filing with the Board of the constitution and bylaws, containing provisions for democratic practices, would be accepted by the Board as a prima facie showing of compliance, and that no investigation would be required until and at such time as there would be a contested election or strike authorization. However, during my testimony before the Senate Labor Committee in behalf of S. 3045,

certain members of the committee indicated that they felt mere filing would not suffice. These Senators advanced the argument that the language "show to the satisfaction of the Board" would make it incumbent upon the Board to conduct an investigation to determine if there was actual compliance with my constitutional provisions in every instance in which the Board's services might be requested by a particular labor organization. Although I am not thoroughly convinced that this is a proper interpretation of this language—it is certainly not my intent—I am nevertheless, willing to defer to the thinking of the members of the committee who deal regularly with the National Labor Relations Act and its judicial interpretations. I have, therefore, amended my bill to provide that the facilities of the NLRB will be denied, unless labor organizations file an affidavit with the Board declaring that their constitutions and bylaws contain provisions required by my bill. This language is identical to that contained in the non-Communist affidavit provisions of the National Labor Relations Act, and this affidavit should be accepted by the Board as a prima facie showing of compliance just as is the non-Communist affidavit presently accepted.

My bill as originally introduced provided generally for petitioning the Board in cases of alleged malpractices in elections and strike authorizations. I have now amended the bill by specifically detailing the methods to be followed, and the actions required by the Board in the event the allegations are determined to be true.

I have amended my bill so as to provide labor organizations with a broad opportunity to maintain their position before the Board, and only after a labor organization has completely refused to comply with Board orders in connection with elections and strike authorizations will my bill deny to them the services of the NLRB.

The PRESIDING OFFICER. The amendment will be received and printed and referred to the Committee on Labor and Public Welfare.

ACTIVITIES OF THE INTERNATIONAL COOPERATION ADMINISTRATION

MR. DOUGLAS. Mr. President, we all recognize that the International Cooperation Administration, like other agencies of Government, has made some mistakes. Any program that reaches into so many areas of the world and faces such a complex variety of problems is bound to run into difficulties and at times to make errors of judgment. Where these are pointed out, we expect them to be remedied by the agency, and in general I believe this has been done.

At the same time the ICA has also been subjected to considerable unfavorable publicity and criticism for things that it has not done. One of my very good friends in Illinois recently sent me word about some of these extravagant charges. I was glad to forward them to the ICA for their comments, and Mr. Guilford Jameson, Deputy Director for

Congressional Relations, has sent me a thoughtful reply based upon a careful investigation of all the facts.

In simple justice to the ICA, therefore, and for the information of Members who may have noticed these same charges, I ask unanimous consent that there be printed at this point in the RECORD a copy of my brief inquiry to the ICA and of Mr. Jameson's reply.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
Washington, D. C., April 21, 1958.

DIRECTOR,

International Cooperation Administration,
Washington, D. C.:

One of my constituents has written to me about items testified to by Mr. Eugene W. Castle in the March 27 House hearings on foreign aid. We have written him a reply as to those questions covered in your duplicated answers to 35 questions. The following questions remain and we should appreciate answers that we may forward to our constituent completing our reply to his letter:

1. An underground parking garage in Brussels, Belgium.
2. A gambling casino in LeHavre, France.
3. A luxury hotel in Copenhagen, Denmark costing \$23,000 per bedroom.
11. Harmonicas for lonely Yugoslav shepherds.

Your cooperation will be greatly appreciated.

Sincerely,

PAUL H. DOUGLAS,
United States Senator.

INTERNATIONAL
COOPERATION ADMINISTRATION,
Washington, D. C., May 20, 1958.

HON. PAUL H. DOUGLAS,

United States Senate,

Washington, D. C.

DEAR SENATOR DOUGLAS: I am pleased to reply to your communication of April 21, in which information is requested on four items testified to by Mr. Eugene W. Castle in the March 27 House hearings on foreign aid.

Answers to the statements, as you have listed them, are as follows:

1. An underground parking garage in Brussels, Belgium.

This statement is incorrect, according to our information.

We know of only one garage which Mr. Castle could have had in mind in making this charge. It is an underground garage which was built as part of a pre-World War II project to connect the north and south rail stations in Brussels. Although the project for connecting the two stations, and permitting through rail traffic, was not completed until after the initiation of our aid program, the garage itself, according to the Belgian Foreign Ministry and the Ministry of Communications, was built in 1940. This was 8 years before we had a foreign-aid program for Belgium.

2. A gambling casino in Le Havre, France.

The charge is not true.

In a circular issued by the office of the special representative in Paris on June 3, 1950, all the ECA missions were instructed that even though casinos in Europe are important tourist attractions these projects are not to be financed with counterpart funds.

In connection with the specific French proposal to reconstruct the Le Havre casino the OSR circular referred to the following statement made to Congress by ECA:

"When ECA received recently the breakdown of the proposed expenditures from the French Government for tourism, it was noted that a contribution for the reconstruction of casinos in France was included. Casinos in France are leading civic centers including

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85TH CONGRESS
2^D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 5 (legislative day, JUNE 4), 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 44, line 14, before the period insert the follow-
- 2 ing: "and the following: 'None of the funds authorized by
- 3 this subsection shall be used in or for assistance to any
- 4 nation of Western Europe.' "

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 64, line 2, strike out the period and insert the
- 2 following: “, except that none of the funds authorized to be
- 3 so transferred may be used in or for assistance to any nation
- 4 of Western Europe.”

AMENDMENT

Intended to be proposed by Mr. BLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 5 (legislative day, JUNE 4), 1958

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2D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 5 (legislative day, JUNE 4), 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 48, between lines 20 and 21, insert the fol-
2 lowing:

3 “(a) Section 501, which relates to transferability of
4 funds, is amended by inserting before the period at the end
5 thereof a comma and the following: ‘and except that no
6 such funds shall be transferred for use in or for assistance
7 to any nation of Western Europe’.”

8 Redesignate subsections (a) to (d), inclusive, as (b)
9 to (e), respectively.

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 5 (legislative day, JUNE 4), 1958

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H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 5 (legislative day, JUNE 4), 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 45, at the end of line 2, strike out the period
2 and insert “; and”.

3 On page 45, between lines 2 and 3 insert the following:

4 “(iii) At the end of the subsection add the following
5 new sentence: ‘None of the funds authorized by this sub-
6 section shall be used in or for assistance to any nation of
7 Western Europe.’ ”

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H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

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85TH CONGRESS
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H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 5 (legislative day, JUNE 4), 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 63, between line 4 and 5 insert the following:

2 “(1) Amend subsection (h) to read as follows:

3 ““(h) The term “value” means—

4 ““(1) with respect to any excess equipment or
5 materials furnished under chapter 1 of title I, the gross
6 cost of repairing, rehabilitating, or modifying such equip-
7 ment or materials prior to being so furnished;

8 ““(2) with respect to any nonexcess equipment or
9 materials furnished under chapter 1 of title I, which are
10 taken from the mobilization reserve, or which are taken
11 from the mobilization reserve but with respect to which

1 the Secretary of Defense has certified that it is not
2 necessary fully to replace such equipment or materials
3 in the mobilization reserve, the average gross cost of
4 each unit of that equipment and materials owned by the
5 furnishing agency, adjusted as the Secretary of Defense
6 may determine to be appropriate for condition and mar-
7 ket value, but in no instance shall such adjustment
8 result in a price in excess of the average gross cost of
9 such equipment and materials; and

10 “ ‘(3) with respect to any equipment or materials
11 furnished under chapter 1 of title I, which are pro-
12 cured for the purpose of being so furnished, the gross
13 cost to the United States of such equipment and
14 materials.

15 In determining the gross cost incurred by any agency in re-
16 pairing, rehabilitating, or modifying any excess equipment
17 furnished under chapter 1 of title I, all parts, accessories, or
18 other materials used in the course of repair, rehabilitation,
19 or modification shall be priced in accordance with the cur-
20 rent standard pricing policies of such Agency.’ ”

21 On page 63, line 5, strike out “(1)” and insert “(2)”.

22 On page 63, line 7, strike out “(2)” and insert “(3)”.

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H. R. 12181

AMENDMENTS

Intended to be proposed by Mr. FLENDER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 5 (legislative day, JUNE 4), 1958

Ordered to lie on the table and to be printed

Calendar No. 1657

85TH CONGRESS
2^D SESSION

H. R. 12181

IN THE SENATE OF THE UNITED STATES

JUNE 5 (legislative day, JUNE 4), 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JENNER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 63, between lines 9 and 10, add the following new subsection:

1 (d) Add the following new section:

2 "SEC. 550. TRANSFER OF AUTHORITY AND FUNDS TO
3 DEPARTMENT OF THE TREASURY.—(a) Notwithstanding
4 the provisions of this or any other Act, all funds appropri-
5 ated pursuant to the authority contained in this Act shall
6 be transferred to the United States Treasury to be available
7 for obligation and expenditure in accordance with the pro-
8 visions of this section.

9 "(b) The Secretary of the Treasury shall assume the
10 liability for all contracts entered into by the United States

1 Government prior to the date of enactment of the Mutual
2 Security Act of 1958 pursuant to the authority contained
3 in this Act.

4 “(c) The Secretary of the Treasury is authorized to
5 furnish assistance consistent with the purposes of this Act on
6 a grant or loan basis to foreign nations by entering into
7 agreements with such foreign nations by and with the ad-
8 vice and consent of the Senate. The Secretary of the Treas-
9 ury shall, prior to entering into any negotiations with a
10 foreign nation for the purpose of furnishing military assist-
11 ance to such nation, obtain the approval of the Secretary of
12 Defense.

13 “(d) Notwithstanding any other provision of law, none
14 of the funds appropriated pursuant to the authority con-
15 tained in this Act shall be utilized—

16 “(1) to pay any of the expenses of the adminis-
17 tration or oversight by officers or employees of the
18 United States of any project or program by or in a for-
19 eign nation as a result of any assistance furnished by
20 the United States pursuant to the authority contained in
21 this Act, except expenses in connection with the making
22 of financial audits, the terms of which shall be included
23 in any agreement negotiated pursuant to the authority
24 contained in this section;

25 “(2) to pay the salaries or expenses of officers and

1 employees of the United States Government engaged
2 in activities outside the United States in support of the
3 program carried out pursuant to the authority contained
4 in this Act; or

5 “(3) to pay for the expenses of the dissemination
6 of general propaganda, which shall include but shall not
7 be limited to the use of written reports, radio, television,
8 conferences, or any other informational activities, in sup-
9 port of the program carried out under this Act, except
10 that this paragraph shall not be deemed to apply to the
11 making of semi-annual reports by the Secretary of the
12 Treasury to the President.”

AMENDMENT

Intended to be proposed by Mr. JENNER to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 5 (legislative day, JUNE 4), 1958
Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 9, 1958
For actions of June 6, 1958
85th-2d, No. 91

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HIGHLIGHTS: Senate passed mutual security bill.

SENATE

1. FOREIGN AID. Passed, 51 to 17, H. R. 12181, the mutual security authorization bill. (pp. 9320-24, 9326-50, 9354-87) Senate conferees were appointed. House conferees have not yet been appointed.
Rejected amendments by Sen. Humphrey to express the sense of Congress that the President should explore with other countries the possibility of establishing an International Food and Raw Materials Reserve (pp. 9384-85); and by Sen. Bridges, 22 to 54, to discontinue assistance to Yugoslavia and Poland 60 days after enactment of the bill. (pp. 9354-55)
2. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 12540, the Commerce and related agencies appropriation bill for 1959 (S. Rept. 1657). p. 9301
3. TEXTILES. The Interstate and Foreign Commerce Committee reported with amendments H. R. 469, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products (S. Rept. 1658). p. 9301
4. FORESTRY. Sen. Humphrey inserted an Izaak Walton League resolution favoring enactment of S. 1176, to preserve wilderness areas. p. 9299

5. PERSONNEL. Sen. Humphrey inserted his speech at Mass. Institute of Technology discussing the problems of Government in the field of science and technology. pp. 9315-18
6. ELECTRIFICATION. Sen. Capehart inserted a statement he had prepared and an editorial defending the Secretary's administration of REA and favoring proposals to provide for REA financing from private sources. pp. 9318-20
7. RECIPROCAL TRADE. Sen. Johnston criticized the reciprocal trade program as injurious to U. S. industry, and stated that "when the bill to extend the so-called Reciprocal Trade Act comes before the Senate, I hope the Senate will kill it." pp. 9314-15
8. ADJOURNED until Mon., June 9. p. 9390

HOUSE

9. NATIONAL FORESTS. The Interior and Insular Affairs Committee ordered reported H. R. 12281, to authorize the Secretary of the Interior to exchange lands to provide for an administrative site in the El Portal area of Yosemite National Park, Calif., including the exchange of National Forest lands. p. D509

ITEMS IN THE APPENDIX

10. COTTON. Sen. Johnson inserted a speech by the General Chairman of the American Cotton Congress urging competitive pricing to maintain cotton markets as an answer to cotton problems. pp. A5171-2
Sen. Johnson inserted a resolution by the board of the Texas Federation of Cooperatives stating their opposition to any Federal cotton program which does not recognize the marketing of cotton through cooperatives. p. A5172
11. PERSONNEL. Sen. Yarborough inserted a speech by Sen. Smathers on problems of retired Federal civilian employees. pp. A5172-3
Rep. Hoffman stated that the personnel pay increase legislation would impose additional burdens on 86 million people for the benefit of 4 million, and would increase inflationary pressures. pp. A5191-2
12. FOREIGN AID. Sen. Wiley inserted his statement and an article on the historical background of H. R. 12181, the proposed Mutual Security Authorization Act of 1958, commenting on the significance of the fact that this is the 10th anniversary of Gen. Marshall's speech which launched the Marshall Plan. pp. A5175-6
13. WATER POLLUTION. Sen. Humphrey inserted an editorial criticizing the Budget Bureau for the decision to reduce the Federal water-pollution control program. pp. A5179-80
14. STATEHOOD. Sen. Proxmire inserted a news article summarizing the resources of Alaska. pp. A5180-1
15. COUNTRY LIFE. Sen. Mundt inserted an article on President Theodore Roosevelt's establishment of the first Country Life Commission, and its accomplishments, which urged that the proposed bills to establish a new Country Life Commission be supported. p. A5181

the power to initiate, guide, superintend, manage, rule, review, notify, and overrule.

In that case the court was construing words directing the Commissioner of the General Land Office to perform certain functions "under the direction of the Secretary of the Interior." The court said that the words under discussion are an expression of the power of the Secretary to supervise and control the extensive operations of the land department and then quoted with approval the statement of the Secretary of Interior as follows:

"The statute in placing the whole business of the Department under the supervision of the Secretary invests him with authority to review, reverse, amend, annul, or affirm all proceedings in the Department * * *."

See also *Orchard v. Alexander* (157 U. S. 372 (1895)); *Cameron v. United States* (252 U. S. 450, 460 (1920)); and *West v. Standard Oil Co.* (278 U. S. 200, 220 (1929)).

"State court decisions also follow this rule. They have held that the terms connote a power to superintend generally together with the incidental authority to regulate and control. *Vantongerren v. Heffernan et al.*, (5 Dak. 180, 38 N. W. 52 (1888)); *State ex rel. Board of Transportation v. Fremont (E. & M. V. R. Co.* 22 Neb. 313, 35 N. W. 118 (1887)).

In accordance with actions of Congress and interpretation of the law by the courts and Solicitor, Mr. Benson, soon after taking office as Secretary of Agriculture, aligned the agencies of the Department into major groups, each group to report to him through designated officials of the Department. During the Senate hearings on Reorganization Plan No. II, he furnished and there was included in the hearings two charts showing the organization of the Department effective January 21, 1953, and as amended March 10, 1953. The January 21 chart shows the Farm Credit Administration, the Farmers Home Administration, and the Rural Electrification Administration grouped under agricultural credit and that these agencies are to report through the head of that group. The March 10 chart shows substantially the same arrangement. Under date of January 21, 1953, the Secretary issued a memorandum 1320 under which all employees of the Department were advised that "agency and office heads within each group will report to their respective group head. * * * The Secretary and the Under Secretary meeting jointly with the major group heads and the Solicitor will consider matters of policy determination and long-range planning. * * * This organizational arrangement will make closer coordination of related activities and will centralize responsibility for consideration and determination of operating problems and other matters requiring departmental attention within each group."

The assignment of functions to the agencies under the reorganization plan was published in the Federal Register for January 6, 1954.

I submit that under Reorganization Plan No. II, approved by Congress, that it is the responsibility and duty of the Secretary to exercise administrative review over the policies and actions of the REA.

The rural electric systems have made significant financial progress over the last 5 years under the administration of Mr. Benson. Their aggregate gross revenues increased 53 percent between 1952 and 1956—from \$321 million to \$491 million. Their net margins, that is excess of revenues over operating costs including interest, increased from \$24.5 million in 1952 to \$69.4 million in 1956. Their aggregate net worth climbed from \$169.9 million to \$378.3 million—from 8 percent of their assets in 1952 to 13.5 percent in 1956. Their repayment record is good. On the nearly \$3½ billion loaned—approximately \$930 million in prin-

cipal and interest has been repaid. The borrower's payments against loan maturities were 99.985 percent of the total amount which had become due by December 31, 1957. In addition, the borrowers had at that time a balance of payments in advance of due date amounting to about \$117 million. Actual loan losses during the life of the program have been less than \$50,000. Only a very small number of borrowers now are delinquent in loan repayments. These accomplishments reflect great credit to the rural men and women who are largely responsible for making this outstanding record.

I ask: Does that sound as if the REA had been emasculated under the direction of Mr. Benson? I ask you if his domination of the actual workings of REA over the last 5 years does not give every indication as being an efficient governmental agency?

Let us turn now to the second two charges of the Senator from Minnesota. The President in his budget message to the Congress said: "It would be in the public interest to broaden the sources of capital from which REA systems may obtain the financing necessary for continued growth and adequate services to consumers." He made these recommendations because of changing characteristics of rural areas; the large amounts of new capital that will be needed by the system to meet the future electric and telephone requirements; the growing internal soundness of borrower operations; and the demands on the Federal Treasury for national security and defense requirements. The REA cooperatives have grown until they are now in their strongest financial and service position in their history.

The carrying out of the plans of the President for future financing will not disturb the outstanding loans made at the statutory rate of 2 percent interest. Neither will it disturb the 2 percent interest rate for the presently undisbursed loan commitments to electric borrowers amounting to about \$600 million. In other words, the \$3 billion presently loaned to REA associations plus the \$600 million committed to electrical borrowers under the President's plan would continue to draw interest under their contracts at the present rate of 2 percent.

This disturbance of the present financial structure of the rural electrification associations is ignored by the junior Senator from Minnesota and by others who attacked the President's proposals.

The President recognizes these systems will continue to need substantial amounts of capital and he called attention to the need of their obtaining financing necessary for their continued growth and adequate service to consumers. His proposal is based on the belief that in the aggregate the systems have accumulated sufficient financial strength to permit them to start using some private loan funds.

This proposal is in keeping with similar actions taken by the executive branch of the Government and by the Congress at different times in the past when a system which was wholly financed or capitalized by Federal funds had developed to the place where it could continue to grow and carry out its purposes with a gradual reduction in the amount of Federal support. It is contemplated that there would continue to be appropriation of Federal funds to take care of the needs of systems that require the more favorable rate specified in the Rural Electrification Act. It is not proposed that this rate be changed. It is contemplated that there be a gradual development, carried out in a manner that will enable these fine rural systems to continue to grow and serve their intended purposes fully, yet at the same time relieve the Treasury of any unnecessary financing.

Initial sponsorship of REA programs by the Federal Government was in keeping with

the historical practice of helping to provide needed services that could not be had through private initiative and resources alone. Historically the Government has progressively stepped aside when such projects have reached a state of maturity sufficient to enable them to move ahead soundly with their own ownership, management and financing. It is the belief of the administration that the REA system has arrived at a state of maturity that will permit the development of a permanent financing plan which would adequately provide for future capital requirements and effect an orderly transition from Government to private financing.

Estimates of capital funds needed to finance the growing demand for electric power in rural areas indicate that dollar requirements during the next generation will far exceed the \$3½ billion loaned by the Federal Government through REA during its first 22 years of operation. The magnitude of these capital requirements and the urgency of meeting national security and defense budgets emphasize the need to find an adequate source of funds other than primary dependence on the Federal Treasury.

I submit that the administration's plan for financing REA instead of placing REA borrowers where they will no longer be a serious factor in the utility business in the rural areas, provides a way for these splendid systems to grow and serve the social and economic needs of the areas in which they operate.

Residences, industries, commerce, and other nonfarm developments and activities are expanding in rural areas which were formerly wholly agricultural. REA-financed electric systems are adding over 100,000 new consumers annually. Among the new consumers nonfarm users outnumber farmers nearly 3 to 1.

I ask: Is there any good reason why the Treasury should continue to subsidize the low interest rate to these new nonfarm users? The economic development taking place in rural areas, with such a large proportion of service going to nonfarm users requires a broader authority and additional sources of funds.

This is not a proposal to cut off Federal loan funds and give private lenders an opportunity to get their hands on the best of the REA business. On the contrary, it is a proposal under which the REA system will continue to grow and expand, at a time when the demands on the Treasury are enormous. An estimate has been made that the deficiency when this Congress adjourns will be from \$8 billion to \$10 billion. Here is an opportunity for a sound and well-managed branch of the Federal Government to meet its growing needs in a manner that will ease this load.

Members of the REA associations are loyal citizens of this country and I submit that they will want to carefully review proposals of the President, not emotionally or politically, but by giving thoughtful consideration to what is best for the future of these associations in the light of the defense needs of our country.

[From the Ohio Farmer of April 5, 1958]

DOESN'T HELP REA CAUSE

For many years we've lent our full editorial support to rural electric cooperatives. During the years of their organization, the Ohio Farmer carried many articles about them. In more recent years, we've continued to tell of the valuable services they perform for Ohio members.

A rural electric cooperative provided the first power service to our home farm in Guernsey County. We number many REA directors and members as friends. Even so, we can't accept some statements of Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association.

Ellis is against the proposal to increase the interest rate the Government charges when lending money to rural electric cooperatives. Naturally, everyone likes to borrow money as cheaply as possible. And Ellis has every right to express his opposition to the move. But there's little excuse for building a case upon emotion and sly innuendo.

For instance, Ellis charged recently that the bill to raise the interest rate was designed to kill rural electrification. In a letter to Secretary of Agriculture Benson he declared: "Your decision to give Wall Street the REA loan business obviously is not a fiscal decision. It's a decision to sacrifice rural America upon the golden altar of Wall Street money changers."

The plain fact is that money is a commodity, like anything else. Interest is the rent you pay for the use of money. The Government gets the money it loans to REA cooperatives and many other groups by selling bonds on the open market. During recent months the Government has been paying more to get the money than the 2 percent interest it charges the REA cooperatives. It has been picking up the check for the loss, and to that extent subsidizing REA loans.

Whether that subsidy should continue is the question. If so, the facts justifying the subsidy should be stated clearly and honestly. It's hard to believe that the future of REA will be decided by the fine point of whether the interest rate is raised.

If you're a member of a rural electric cooperative you have every reason to be proud of your organization. You'd like to see interest rates low—as who wouldn't? But that doesn't mean you expect all the people in the country to help you pay part of the cost in the form of an interest subsidy, does it?

Certainly, when you have right and reason on your side, you don't need to engage in emotional ranting. An emotional approach often implies a weakness of facts. Don't you agree that the interest question can be considered squarely upon facts?

We have not seen a scrap of evidence to prove that the proposal in question would sacrifice rural America upon the golden altar of Wall Street money changers. These emotional charges do not reflect the calm, careful thinking we've always associated with our friends in the Ohio rural electric cooperatives.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

MUTUAL SECURITY ACT OF 1958

Mr. JOHNSON of Texas. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. BRICKER. Mr. President, I call up my amendment which is identified as "6-4-58-Q," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 61, line 19, after the word "sums" and before the word "as", it is proposed to insert "not to exceed \$2 million per annum."

Mr. BRICKER. Mr. President, the amendment is very simple. Its purpose has twice been confirmed by the Senate—last year, by a bill which was reported by the Foreign Relations Committee; and, 4 years ago, such a limita-

tion was placed on the expenditures for the International Labor Organization, after the Russians had both employer and employee representatives in that Organization. By means of that limitation, the Senate expressed as its opinion, that the Organization no longer afforded true representation of labor and management, because Russia controlled both sides in any international negotiations which might be conducted.

We are one of many members. Most of the other members pay minor amounts to this international organization. So that a 25-percent limitation is no real restriction. The smaller nations, contributing a few thousand dollars, could, by their votes, increase the amount of our contribution tremendously, under a 25-percent limitation.

The amendment which I submit would provide that there should not be contributed by the United States in excess of \$2 million per annum, which is the amount that will be appropriated this year for that purpose, anyway. It would hold the limitation to that amount, and would put a curb on the other nations which control the organization from inordinately increasing the amount of the United States contribution.

Mr. SPARKMAN. Mr. President, has the Senator from Ohio completed his statement?

Mr. BRICKER. I thought the Senator wanted me to yield to him.

Mr. SPARKMAN. No. I was going to make a short statement in opposition to the amendment.

Mr. BRICKER. I yield the floor, then.

Mr. SPARKMAN. Mr. President, this amendment would limit the United States annual contribution to the International Labor Organization to \$2 million or 25 percent of the total ILO budget.

Existing law provides a ceiling of \$1,750,000, without a percentage limitation.

The committee bill provides a percentage limitation of 25 percent, without a dollar ceiling.

The committee bill conforms to the practice of Congress in regard to other specialized agencies of the United Nations, contributions to which are generally authorized in terms of a percentage of the total budgets. Thus, the laws relating to our participation in the World Health Organization and the Food and Agriculture Organization authorize a contribution of 33.33 percent of the total budgets of each of those agencies.

Note that this percentage is substantially higher than that which the committee bill authorizes for the ILO. Indeed, the ILO receives the smallest percentage contribution from the United States of any of the U. N. specialized agencies.

The committee does not propose to increase that percentage. The committee does, however, propose to make it possible to increase the dollar amount. In this connection, it should be recalled that the Senate has twice previously—once in 1956 and again in 1957—passed separate legislation to increase the United States contribution to the ILO; so this is not a new issue so far as the Senate is concerned.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. BRICKER. But the Senate did, in both those instances, limit the amount to that suggested in this amendment, did it not?

Mr. SPARKMAN. I have the bills before me. I shall check them. My recollection is that one of them set the amount at \$3 million.

Mr. BRICKER. That was the one in 1956.

Mr. SPARKMAN. That was in 1956.

Mr. BRICKER. That amount was restricted, by action of this body, to \$1¾ million, according to my recollection. The action was taken on an amendment which I suggested, on the ground that the Russian representatives of labor and management were subject to government control and were not free to negotiate. This body limited the amount this country should contribute to the sum it was then contributing, and limited it to even less than I suggested. The vote in the Senate was 43 to 40.

Mr. SPARKMAN. Generally speaking, the statement of the Senator from Ohio is correct. However, a proviso was inserted reading as follows:

Provided, however, That no sums in excess of \$1,750,000 shall be appropriated to defray the expenses of the International Labor Organization for any calendar year after calendar 1956, if during the preceding calendar year delegates allegedly representing employers and employees in the Union of Soviet Socialist Republics or in any nation dominated by the foreign government controlling the world Communist movement are found by the State Department to have been permitted to vote in the International Labor Conference or in other meetings held under the auspices of the International Labor Organization.

Mr. BRICKER. That is correct, and the limitation was held to what the contribution was at that time. There has been no change in the Russian representation up to this date. Both the employer and employee representatives of Russia are under the direct control of the Soviet government, and are not free to negotiate on labor matters.

Mr. SPARKMAN. I certainly agree with that statement.

Mr. BRICKER. The committee has provided that the limitation of the United States contribution shall be 25 percent of the total amount, thereby making us subject to minor nations which make small contributions, of which there are many. I do not know the exact number, but I think it is in excess of 60. Because of their small contributions, the contribution of the United States could be raised tremendously.

The very fact that there is a request for \$2 million or more indicates the enormous growth of this international organization. Unless a curb is placed in the authorization at this time, there will be no curb at all, because the amounts contributed by the other nations are not sufficient to hold down the overall expansion.

When we multiply the ILO by the number of other organizations to which the United States has contributed, and add them together, the amount resulting is

tremendous. The Treasury is running pretty low at the present time. Here is one place in which I am confident we can express the will of American employers and employees alike. Everyone knows Russia exercises influence on her own government delegates, including the delegates of labor and management.

The limitation I have suggested in my amendment is a perfectly reasonable one, and it was put into the appropriation bill by this body either by separate resolution or bill.

Mr. SPARKMAN. I call the Senator's attention to the fact that in 1956 and in 1957, just as is here proposed, the dollar amount did equal 25 percent. That is all we propose—continuing the 25 percent.

Mr. BRICKER. The amount may equal 25 percent, but management and labor, and certainly the taxpayer, who nowadays seems to be the last one to be considered in our country, ought to have the benefit of a reduction of the contribution of the United States. That is why I am proposing a limitation of \$2 million, which is consistent with past legislation. I think it would be assurance that the Organization is not going to run completely hog wild, and that we are not going to be subject to the whims of the small countries, whose contributions may increase the contribution of the United States unreasonably.

Mr. SPARKMAN. My opinion is that the Organization will not run hog wild. As a matter of fact, we are following the same pattern we have followed in the case of other similar organizations, such as the WHO and FAO. We actually pay a higher percentage in our contributions to such organizations. We contribute one-third rather than one-fourth.

Anyway, it seems to me the provision which was considered by the committee and was written into the bill is reasonable. I hope the decision of the committee will be sustained.

Mr. President, this amendment would allow only a very modest increase of \$250,000 a year in the United States contribution to the ILO. This will not be sufficient to meet our obligations to that organization or to permit the ILO to expand its activities significantly.

The committee bill will allow a sound expansion of ILO activities while at the same time providing an adequate control over that expansion.

The basic issue here is United States participation in the ILO. After hearings and extensive consideration of this issue last year, the Foreign Relations Committee concluded that such participation "cannot be harmful to American interests and can be helpful." If the United States is not going to participate in ILO, it ought to withdraw from the organization. If it is going to participate, it ought to do so fully and effectively.

This amendment would cripple United States participation and should, therefore, be rejected.

Mr. President, I ask unanimous consent that there be printed in the RECORD as a part of my remarks an extract from the committee report of 1957 dealing with this subject matter.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

4. UNITED STATES PARTICIPATION IN INTERNATIONAL LABOR ORGANIZATION

The committee has given serious consideration to the question of United States participation in the International Labor Organization. This question has been raised in an acute form by certain employer groups in the United States, particularly the chamber of commerce and the National Association of Manufacturers, in the light of renewed participation by Soviet bloc countries.

The International Labor Organization is unique among international organizations in that it has a tripartite structure. Each member country has 4 delegates, of whom 2 represent the government, 1 represents employers, and 1 represents employees. In the United States, the employer delegate is nominated by the chamber of commerce and the National Association of Manufacturers; and the employee delegate is nominated by the AFL-CIO.

When the Soviet Union rejoined the International Labor Organization in 1954 after an absence of 15 years or more, the question at once arose as to whether employer and employee delegates from Soviet bloc countries in fact represented employers and employees or whether they were merely additional government delegates. In view of the nature of Communist society, it seems obvious that Communist delegates in fact represent their governments regardless of whether they may be labeled employer or employee representatives. It seems equally obvious that this violates the tripartite structure of the International Labor Organization.

The committee is not persuaded, however, that this in itself affords ground for American half-hearted participation in, or withdrawal from the International Labor Organization. The problem posed by Soviet bloc employer and employee delegates is one of degree; and although it exists in its most extreme form in connection with such delegates from the Soviet bloc, it is by no means confined to Communist countries. In some other countries, labor organizations or business groups, or both, are to some degree controlled or dominated by the government.

This is a problem, or rather a series of problems, which can best be dealt with on a case-by-case basis rather than through attempts to write general rules for universal application.

A further criticism of the International Labor Organization has been directed at its procedure for the adoption of any convention or recommendation as well as at the content of many of them. A principal point is that the International Labor Organization convention is a device for violating Federal-State relationships in the United States and possibly also the Federal Constitution. Another point is that many International Labor Organization conventions deal with subjects inappropriate for international action (such as standards for social welfare and labor legislation). Still another point is that International Labor Organization conventions reflect a statist or socialistic concept at variance with American traditions.

The committee agrees that the International Labor Organization convention has been overworked. This is why it seeks to encourage the shift in emphasis away from conventions. But at the same time, the committee believes that the criticism of International Labor Organization conventions has also been overworked, particularly from the point of view of any danger which they might present to the national interest of the United States.

The International Labor Organization has adopted 104 conventions, of which 7 have

been ratified by the United States. Six of these seven relate to maritime labor, and the other one has to do with a procedural matter. There is no provision in the International Labor Organization constitution by which the International Labor Organization can legislate for the United States or any other country. There is no way in which an International Labor Organization convention can become effective, so far as the United States is concerned, unless it goes through the constitutional processes of the United States.

The basic policy question involved in Senate Joint Resolution 73 is whether the United States should continue to participate in the International Labor Organization. If that question is answered in the affirmative—as the committee believes it should be—then there is no logical alternative to favorable action on Senate Joint Resolution 73.

In considering United States participation in the International Labor Organization, the following points seem to the committee to be controlling:

International Labor Organization influence on American domestic affairs is entirely in the control of the United States. In this respect, therefore, participation in the Organization presents no threat to American interests.

On the other hand, the International Labor Organization is in a position to influence to some degree the development of labor-management relations and labor legislation in countries in the early stages of industrialization. In these countries, it is in the American national interest that these developments be in the direction of free trade unions and free collective-bargaining processes. It is further in the American national interest that labor standards in these countries be as high as is feasible so as to reduce the differential in labor costs between other countries and the United States.

To the extent that these trends can be induced at all, they are more likely to be induced if the United States is a full participating member of the International Labor Organization than if it is not.

Further, if the United States withdraws from the International Labor Organization, or is handicapped in its participation by falling in arrears in its contribution, the consequence will certainly be an increase in Communist influence in the organization. In short, it seems perfectly clear that United States participation in the International Labor Organization cannot be harmful to American interests and can be helpful. The amount of money involved is disproportionately small in relation to the larger policy issues.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SMITH of New Jersey. I wish to add a word to what the distinguished Senator from Alabama, my colleague on the Committee on Foreign Relations, has said.

I have known of the ILO since shortly after World War I. This organization is not a new United Nations organization, but has been in operation for a great many years. It has done outstanding work.

I share the feelings of the Senator from Ohio in every criticism he has expressed, because we are troubled by the Communist phase of the matter.

The United States has always been one of the strongest supporters of the ILO. Of course, that organization does not legislate but simply recommends.

The organization represents employers and employees.

I think we must consider the importance of the organization and how we can deal most effectively with it, in order to cooperate with other nations which are helping to maintain it.

Did the Senator from Alabama ask to have printed in the RECORD the report submitted by the committee this year?

Mr. SPARKMAN. The matter I asked to have printed in the RECORD was from the report made last year.

Mr. SMITH of New Jersey. I thought that was the case. I wish to read from the report of the committee on the pending bill. We considered this matter in the committee at some length.

A question arose whether we should have a dollar limitation or a percentage limitation in dealing with these matters. We have started a new system of percentage limitations on our contributions to the United Nations. With respect to the ILO, however, we at present have a different situation.

I shall read from page 32 of the committee report for this year with respect to the bill now before the Senate, the title of the section being "International Labor Organization":

The bill retains a provision of the House bill which amends the authorization for United States contributions to the International Labor Organization by removing the dollar ceiling and inserting a limitation of 25 percent.

In other words, it is made a percentage rather than a dollar limitation.

Existing law provides a dollar ceiling of \$1,750,000, with no percentage limitation. The Senate passed a bill in 1956 increasing this ceiling to \$3 million with a 25-percent limitation and a proviso regarding participation by Communist delegates in the International Labor Organization.

Again in 1957, the Senate passed a bill increasing the authorization to \$2 million, this time without percentage or other limitation.

Under the agreement we have with other countries, we are left very much behind in our payments for those 2 years because of the dollar limitation.

The committee is inclined to the view that a percentage limitation is preferable to a dollar ceiling on United States contributions to international agencies.

This applies particularly to the ILO. Our percentage with respect to the United Nations is much higher, being 33⅓ percent.

A percentage limitation enables the budgets of these organizations to be expanded on a sound basis provided the other members are willing to meet their share of the cost. In view of this fact and the further fact that the Senate has twice before approved some sort of increase in the United States contribution to ILO, the committee deems it appropriate to agree with the House action in this instance.

I have read that into the RECORD because it seems to me we should keep in mind the long and distinguished history of the organization, and the fact that we have been participating in its work.

I do not think there is any danger that the ILO may run hog wild and put us on the spot.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. BRICKER. The Senator has mentioned the long history of the organization. I think the ILO has done good in many fields, but in other fields it has been a detriment to the cause of labor. That is, however, neither here nor there. During all that time the contributions from the United States to the ILO have been under a dollar limitation. Especially did we restrict the appropriation of the United States in a dollar way when Russia came forward with her employer, so-called, and employee, so-called, representatives of agencies of the Soviet Government.

Mr. SMITH of New Jersey. That is true.

Mr. BRICKER. They are still sitting in the International Conference.

Mr. SMITH of New Jersey. That is true.

Mr. BRICKER. All I ask is that we continue the program fixed by the Senate last year with a \$2 million limitation, so as to prevent the constant pressure which will be brought by the small nations to increase the Secretariat, to increase the travel expenses, to increase the headquarters expenses, and to increase every other expense, simply because Uncle Sam will be carrying 25 percent of the load, and it will not cost the others very much. That is the only purpose of the amendment. I am not trying to destroy the organization or its effectiveness.

Mr. SMITH of New Jersey. The amount involved is relatively small. It is a fact that because of last year's limitation we are behind in our legitimate payments to the organization. I talked to Dr. Wilcox about this matter before he left for Geneva to attend the conference. He thought it would be unfortunate if we did not try to move toward clearing up our indebtedness.

Mr. BRICKER. A number of small amounts make up large amounts, and we are involved in a great number of these international organizations.

Mr. SMITH of New Jersey. That is true. I have assisted in the movement to reduce the percentages of contributions to UN organizations year by year, until they were all brought down to 33⅓ percent. We used to pay up to 60 percent, or thereabouts.

Mr. BRICKER. Of course, this is an international organization which predated the United Nations.

Mr. SMITH of New Jersey. The Senator is correct. It was organized before the United Nations, away back during World War I, at the time we were discussing the old League of Nations.

Mr. GOLDWATER. Mr. President, I desire to speak briefly on behalf of the amendment offered by the distinguished Senator from Ohio.

Mr. President, I was interested in the remarks of my good friend from New Jersey [Mr. SMITH] when he spoke, as most persons who are in favor of these international organizations usually speak, of "a relatively small amount." It is true we are not discussing a great

deal of money, as we ordinarily consider money in these days, but let us look at some of the other organizations involved.

The United States contributes approximately 52 percent of the total support for the United Nations Children's Fund. The United States contributes 31 percent of the United Nations Refugee Fund, and contributes 63 percent of the amount which goes toward the support of the Palestine refugees.

Mr. President, if we could feel relatively certain that 25 percent would never equal more than the amount of \$2 million we might feel differently about the matter, but the history which is being made constantly shows that once the United States begins paying into these international funds it never stops. If we start paying 25 percent, my prophecy is it will not be long until we are paying 52 percent and then 63 percent. The first thing we know we alone shall be supporting these international organizations.

Mr. President, a very close friend in Arizona who is connected with the American Mining Congress, attended the ILO conference on mining in Geneva last year. When he returned home, he was a very disgusted, frustrated, and disappointed American. His name is Mr. Denison Kitchel.

Mr. Kitchel is an outstanding labor lawyer in Arizona. In the course of remarks made by him he has made several references to the ILO conference on mining in Geneva. I ask the indulgence of the Senate for a few minutes to read the remarks which I had printed in the Appendix of the RECORD on April 15, in respect to the report of Mr. Kitchel. The title is "The ILO Conference on Mining." I read from the RECORD:

Having attended an International Labor Organization conference at Geneva, Switzerland, we are convinced that Alice's Adventures in Wonderland were dull in comparison. We are also convinced that continued participation in the ILO by the United States is not in the best national interest.

The conference to which we were accredited as United States employer delegates was officially entitled the "Tripartite Technical Meeting on Mines Other Than Coal Mines." Convened by the governing body of the ILO the 2 weeks' meeting (November 25-December 7, 1957) was ostensibly called for the purpose of discussing problems of labor-management relations common to the mining industries of the 25 nations which participated. Each delegation consisted of 2 employer delegates, 2 worker delegates and 2 government delegates. Of the Communist nations, Russia and Yugoslavia were represented.

There were four items on the agenda for the meeting:

1. Social problems arising in mines other than coal mines.
2. Accident prevention in mines other than coal mines.
3. Machinery for wage fixing and wage protection in mines other than coal mines.
4. Industrial relations in mines other than coal mines.

In advance of the meeting, the permanent staff of the ILO had prepared reports on each of these items and sent them to the prospective delegates.

The first item, social problems, obviously opened the door to every conceivable and irrelevant topic from childbirth to cemetery accommodations. These social problems were discussed by means of prepared

speeches delivered by almost every delegate to the conference at plenary sessions held throughout the 2-weeks' period. Captives of the permanent staff of the ILO, we heard speech after speech condemning employers as a class for their ruthless exploitation of the workingman. We heard speech after speech extolling the virtues of governmental regulation and intervention in all phases of labor-management relations. We heard speech after speech describing the wonderful freedoms vouchsafed to the workers in Communist countries. And, of course, we heard speech after speech praising the great work of the ILO.

The other three items on the agenda were referred to subcommittees. In this subcommittee framework lay the possibility that we would actually have the opportunity to exchange ideas and discuss mutual problems with the delegates from other nations. But here, again, under the rigid direction of the ILO permanent staff, discussion was reduced to a minimum and the production of embryonic international legislation quickly became the major activity of the subcommittees. Almost at the very outset and as if from out of the blue, there appeared on the desk of each subcommittee member a complete draft of a resolution prescribing in detail the principles, rules, and regulations which should govern all phases of the subject matter under discussion. From then on the discussion consisted of voting on these specific proposals, obviously prepared well in advance of the conference by the permanent staff, acting as the handmaidens of the leftwing international trade unions.

The final day of the conference found us unwittingly convened as an international parliament. For 7 consecutive hours we were maneuvered through the labyrinths of legislative chicanery to produce the end products conceived by the permanent staff long before we arrived in Geneva. In 7 short hours and after 2 short weeks of discussion, we resolved most of the grave issues of labor-management relations with which the mining industry has been wrestling for centuries.

We can report that the United States employer delegates to the conference were unique, conspicuous and outspoken in their unwillingness to conform and in their opposition to the socialistic and legislative aspects of the meeting. Taking the position that the conference had not been convened for the purpose of legislating on the internal affairs of their country, their performance might best be described as that of skunks at an international lawn party. We can also report that their independent attitude was the envy of most of the employer delegates from the other free nations, who, because of the ascendancy of labor socialism at home, could not afford to oppose the activities of the ILO no matter how unpalatable they might be.

This is the sinister aspect of this and other ILO conferences. With the exception of the United States and Canada, and possibly Australia, the employers and governments of the world fear the ILO. It is our conclusion that the ILO is the vehicle of the international socialists and the tool of the leftwing international trade unionists.

The United States pays 25 percent of the cost of maintaining and operating the International Labor Organization. We question whether such a contribution, or, in fact, any contribution to national suicide, is in the best interests of our country.

As for the Tripartite Technical Meeting on Mines Other Than Coal Mines, suffice it to say that it was the most interesting, most frustrating, most disturbing, most diabolical and most useless conference we ever attended.

I read those remarks made by Mr. Denison Kitchel, of Phoenix, Ariz., because they point out the shock to and the

concern of an American citizen who has been exposed for the first time to an ILO conference.

This is not the first expression along these lines that I have heard from individual American businessmen, lawyers, and even some labor members who have attended ILO conferences, only to find them prearranged, and conducted according to philosophies which are to those Americans obviously socialistic in nature.

I have heretofore supported contributions to the ILO, because I feel that it is a good place for us to keep an eye on Russia, and on what the Communists are doing. That is as far as I will go in recognizing any good which comes from this organization. I think we can provide this system of espionage for ourselves for much less than \$2 million. There is much greater danger involved in saying we will pay 25 percent of the cost of maintaining this organization than in establishing a dollar limitation. Citizen after citizen comes home from those meetings frightened by what the United States has gotten itself into by being a part of this organization.

I intend to support the amendment of the Senator from Ohio.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. BRICKER. Russia, of course, is a member of the International Labor Organization.

Mr. GOLDWATER. Yes. Russia was represented at the last meeting.

Mr. BRICKER. And other satellite countries are members.

Mr. GOLDWATER. Yes. Yugoslavia was represented.

Mr. BRICKER. Their representatives are not free to bargain in any way. They are subject to the direction of the state.

Mr. GOLDWATER. The Senator is correct.

Mr. BRICKER. They represent neither labor nor management. They have no voice in their own judgment or decisions. So the organization is largely controlled by the Socialist countries, as the Senator from Arizona has pointed out.

Mr. GOLDWATER. The Senator is correct. I assure the Senator, from what Mr. Kitchel told me, and also what I have been told by a man who was with him, Mr. Kenneth C. Keller, another outstanding mining man from the Southwest, that control of this organization is practically entirely in the hands of Socialists. I will not go so far as to say Communists.

Mr. BRICKER. Of course, the Russian delegates are Communists.

Mr. GOLDWATER. That is true.

Mr. BRICKER. And the Yugoslav delegates are Communists.

Mr. GOLDWATER. That is true.

From what these men and others have told me in years past, I conclude that the organization is obviously under the control of socialistic minded people.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER].

Mr. BRICKER. Mr. President, I desire to discuss the amendment a little further with the distinguished Senator from Arizona.

The report of his friend from Arizona is practically the same as the report which came back through Will McGrath, who for many years was an employer representative at the ILO conferences. They are not subcommittee meetings at all. Mr. McGrath confirms the report of the techniques which were used, as mentioned in the presentation of the distinguished Senator from Arizona. He also reports that the ILO is largely subject to the control of the International Socialist Organization. Everything is cut and dried. The proceedings are used for propaganda purposes, and to promote the Socialist scheme in the free countries of the world.

Mr. GOLDWATER. The Senator is correct.

Let me say for the information of the Senator that I have received a letter from Mr. Kitchel bearing further on the subject, in which he expresses great concern over the action we are being asked to take here today. His letter reads in part as follows:

Recently it appears that those who are planning the strategy of increasing United States financial participation in the ILO decided to abandon Senate Joint Resolution 73 and, accordingly, the matter was tacked on to H. R. 12181, which, if enacted, will be known as the Mutual Security Act of 1958. This bill passed the House on May 14 and in the Senate was referred to the Committee on Foreign Affairs. Section 502 (f) of that bill would eliminate entirely the dollar ceiling on the United States contribution to ILO and in its stead set the limit at 25 percent of the ILO budget, regardless of how much that budget might increase from year to year. Obviously, this will be manna from heaven to the international labor Socialists who heretofore have had to limit the ILO budget to approximately \$7 million, knowing that the United States could not, because of the dollar ceiling set by Congress, pick up more than \$1,750,000 of the tab. Henceforth they will know in advance that, no matter what size the budget may be, the United States will pick up 25 percent. What better way could there be to encourage the growth of ILO bureaucracy, short of saying that we will pay for everything, just tell us how much you want?

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. SMITH of New Jersey. Do I correctly understand that the distinguished Senator from Arizona, for whom I have a high personal regard, is advocating that the United States withdraw from the ILO? We have been in it ever since World War I. I was wondering whether the Senator from Arizona was thinking in terms of the United States withdrawing from the ILO. Either the Secretary of Labor, one of the Assistant Secretaries of Labor, or a member of the State Department has been present at every one of the ILO conferences. It seems to me that very serious charges are being made against the ILO, charges which, if true, would cause me to consider withdrawing from the Organization.

Mr. GOLDWATER. I assure my distinguished friend the senior Senator from New Jersey, with whom I have served

for so many years on the Committee on Labor and Public Welfare, that I have no intention of suggesting today that the United States withdraw from the ILO. I do think, however, that it is high time for the Foreign Relations Committee to institute a thorough investigation of the ILO, to determine whether the charges being made by some outstanding Americans have any substance. At such time I believe it would be wise for us to consider the question of withdrawal or remaining in the Organization.

What the Senator from Arizona is suggesting is that we do not give the ILO a blank check to spend American taxpayers' money in Geneva, Switzerland. I believe that \$1,750,000 as the contribution of the United States is adequate, and that we should not go any higher. I am certainly strongly against putting it on the basis of 25 percent, which in effect would mean that the Organization could come into our Treasury and take out whatever money was needed to pay for its expenses. I could never support such a proposal.

Mr. SMITH of New Jersey. I might say, in answer to that point, that I have always understood we have participated in determining the amount which should be used by the Organization. Mr. Wilcox has been close to the subject, and I have always understood from him and from others that we have had full say in determining the amount. I agree that it should not be done loosely.

Mr. GOLDWATER. However we are in the unfortunate position of being 1 nation of 25. When someone is spending my money, I want to have a substantial voice in deciding how it will be spent. I do not want to have the vote stacked against me 24 to 1.

Mr. SMITH of New Jersey. We have the situation of being outvoted in the U. N. and in other international associations. I wish to get it clear in my mind whether the Senator feels that we should look toward winding up our participation in the Organization and our connection with it. I agree that we should take steps to look into these things. I have talked to several persons, including the Secretary of Labor, who have attended the conferences, and I am surprised at what the Senator read from the letter he has received.

Mr. GOLDWATER. Let me assure the Senator from New Jersey that I am not suggesting we withdraw from ILO. I have supported the expenditures in behalf of that organization. I believe we derive some good from it. However, I believe we should look into the matter and determine whether it is a Socialist organization, as has been charged by some outstanding citizens of America. I am merely against a carte blanche giving of money to an international organization about which I have had these criticisms.

Mr. SMITH of New Jersey. In answer to the distinguished Senator from Arizona, I should like to read from a letter which I have received from the Commerce and Industry Association of New York. In it the executive vice president, Mr. Miley, says:

As you will see, it is our considered view that it would be a serious mistake for the United States to pull out of the ILO, or for American employers to cease their participation. We believe, in fact, that American participation should be intensified. As our report states, "You can't beat something with nothing." We feel strongly that we must not abdicate to the Russians this important international forum in the battle for men's minds.

This letter is from an organization which has conducted a thorough investigation into the ILO. It is another aspect which must be considered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

CONDITIONS BEHIND THE IRON CURTAIN

Mr. WILEY. Mr. President, my sister and her husband, who are residents of Formosa, have sent me a copy of an interview with Gen. Chiang Kai-shek and his wife. I wish to read a few sentences from the interview, and then I shall ask that the entire interview be printed in the RECORD.

Speaking about the Soviet Union, Gen. Chiang Kai-shek said:

I think in the first place she is most fearful of internal revolution within her own borders and within the satellite countries. At the same time, she is most concerned about the anti-Communist revolution in Asia because she wants to use Asia as her rear supply base. If you remember rightly, Stalin said that no country would be able to gain victory if her base is not secure. Therefore, if we would be able to attack this vulnerable spot of Soviet Russia, we would have found her Achilles' heel. Then we can surely wrest the initiative from her and not involve the United States in any sort of war, preventive or otherwise.

He was asked the question: "Is it possible for a Hungarian-type revolt today?"

His answer was:

The Hungarian-type of revolt is not only possible in the future—that type of revolt has been happening unceasingly for the past 2 years in Sinkiang, Tibet, Chinghai, and on the borders of Yunnan and Szechuan. In scope, some of them have been even larger and more comprehensive than the Hungarian revolt, the reason being that not only are the intellectuals opposing the Communist regime, but also the farmers and the industrial workers.

Formerly, the Communists in their agrarian reform program gave small plots of land to the farmers, but they taxed them so heavily that all the land had to be returned to their regime and become collectivized. And the industrial workers, day by day, are forced to work longer hours and for less pay. There is, therefore, general hate and resentment of the regime, and I feel sure that once these feelings become crystallized the time will be for the national revolution against communism not only on the mainland but in our efforts to help liberate the people there.

I ask unanimous consent that the entire interview be printed in the RECORD.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

NO UNITED STATES PART IN FIGHTING BACK TO MAINLAND—GIMO

Following is the text of a television interview granted by President and Madame Chiang Kai-shek to James Robinson, NBC Far East correspondent, recently at the Presidential residence in the suburbs of Taipei and released today in New York:

Question 1: "President Chiang, is a military takeover of Communist China possible without a world war—or without direct United States support?"

President: "To answer your question, I must first point out the nature of the military takeover. We have never conceived the struggle with the Communists in the form of a war whereby the armed forces of one country are pitted against the armed forces of another country each backed by its own people. The people on the mainland are no enemy. They are our own people, and we know definitely that they are absolutely opposed to the Communists.

"It is our aim to overthrow the Communist regime because they oppress the people, and it is our aim to liberate our people from slavery. Therefore, this is a revolutionary struggle for their deliverance from Communist tyranny, and we shall use 30 percent military strength and 70 percent political strength to attain our objective. In other words, the strength of our struggle will lie in the strength and desire of the people to be free from Communist persecution. We shall utilize our all to help them to attain their aim, and there is no need for a world war or for America to directly participate. All we hope for is moral encouragement from the free world.

"I may add that I have never even thought of America's direct participation in our recovery of the mainland. I hope that our American friends will realize that."

Question 2: "Mr. President, your Government has been on this island for 9 long years. Doesn't this isolation give the Communist Chinese the essential advantage of time—time to impose controls, time to sway people's minds, time to achieve international approval?"

President: "Time in this respect is a two-edged sword. It is true that the longer the Communists are in control on the mainland the more they are able to brainwash the people and to put every sort of restriction on their freedom of thought and action. At the same time, we must realize that the longer the Communists are on the mainland the more our people hate them because they are so persecuted and oppressed. The contrast between the progress we have made in Taiwan on the one hand and the sufferings of the workers, farmers, and intellectuals on the mainland on the other, will become all the more glaring."

HOPE OF FREEDOM

"It is precisely for this reason that the Chinese Communists are bent upon an early aggression against Taiwan in order to complete their conquest of China. However, so long as this Government continues to exist in Taiwan and to make progress in freedom, the people on the mainland will oppose all the more the Communist regime and cherish the hope of liberation. On the other hand, to the free world as a whole time is working against it. For this reason Soviet Russia will use all sorts of stratagems to prolong the cold war. We know that the Communist policy of world conquest will always remain unchanged. The Communists envisage a world where peace is a continuation of war, where peace offensive and infiltration are employed to achieve their ultimate objective of conquest without bloodshed. Lenin used to say that war should not be Russia's strategic weapon and that the chief method of conquest should be to force the enemy to surrender by peaceful means, since Russia

would not want to involve herself in direct warfare. Today Soviet Russia holds the initiative by her effective use of various forms of peaceful offensives. I feel that we must begin to wrest the initiative from Soviet Russia. We cannot afford to lose more time."

Question 3: "You talk about wresting the initiative from the Soviets, Mr. President. In more concrete terms, just how can this be done?"

President: "In order to wrest the initiative from Russia and to defeat her cold-war tactics, we must understand the political nature of the Soviet regime. Internally they have to oppress their people in order to survive. Externally they have to destroy capitalism in order to complete their so-called proletarian dictatorship for the cause of world revolution. But in destroying capitalism it does not necessarily mean they go to war or resort to warfare. They use cold-war tactics. And in this case part of the cold-war tactics is holding one conference after another and by separating the various countries who are not in the Soviet bloc. In other words, create contradictions amongst the democracies and play them off one against the other in order to hasten their ruin."

WREST INITIATIVE

Question 4: "Yes, Your Excellency and Madame, but what precise countermeasures might be taken?"

President: "The way for us to wrest this initiative is for us to realize what she is after and to beware, and not to disarm but to unify and to solidify all who hold the same ideals of freedom and independence and act in concerted action."

Question 5: "Might you be suggesting that by taking the initiative the United States should resort to a preventive war?"

President: "No; I do not think the United States should resort to a preventive war. In fact, in my book, Soviet Russia in China, I repeatedly pointed out that it would be most disadvantageous to the free world as a whole if the United States should become the principal theater of war. In truth, it is the aim of Soviet Russia to isolate the United States."

Question 6: "What should be done, Mr. President?"

President: "We ought to find out what Soviet Russia is most afraid of today and attack those vulnerable spots. I think in the first place she is most fearful of internal revolution within her own borders and within the satellite countries. At the same time, she is most concerned about the anti-Communist revolution in Asia because she wants to use Asia as her rear supply base. If you remember rightly, Stalin said that no country would be able to gain victory if her base is not secure. Therefore, if we would be able to attack this vulnerable spot of Soviet Russia, we would have found her Achilles' heel. Then we can surely wrest the initiative from her and not involve the United States in any sort of war, preventive or otherwise."

Question 7: "Again I'd like to get back to conditions on the mainland, Mr. President. What do your intelligence reports tell you?"

President: "There is no question that the Communists are stepping up their military capabilities and strengthening their military installations in anticipation of attacking Taiwan."

"In 1956, I had, in fact, in several of my public statements, said that the intellectuals on the mainland were disillusioned and eagerly awaiting our help for a change of their lot. But the world did not believe me. Then in May of last year, if you remember, the Communist regime told the intellectuals and the people that they were free to criticize the regime. And the results of the criticisms were so alarming that the Communists had to call off their promise of

allowing freedom of speech, and we have what is called the rectification movement and the antirightist movement and all the persecutions and oppression that followed thereafter."

REVOLUTION FERMENTING

Question 8: "Is it possible for a Hungarian-type revolt today?"

President: "The Hungarian type of revolt is not only possible in the future. That type of revolt has been happening unceasingly for the past 2 years in Sinkiang, Tibet, Chinghai, and on the borders of Yunnan and Szechuan. In scope, some of them have been even larger and more comprehensive than the Hungarian revolt, the reason being that not only are the intellectuals opposing the Communist regime, but also the farmers and the industrial workers."

"Formerly, the Communists in their agrarian reform program gave small plots of land to the farmers, but they taxed them so heavily that all the land had to be returned to their regime and become collectivized. And the industrial workers, day by day, are forced to work longer hours and for less pay. There is, therefore, general hate and resentment of the regime. And I feel sure that once these feelings become crystallized the time will be for the national revolution against communism not only on the mainland but in our efforts to help liberate the people there."

Question 9: "What role, then, must the United States take in Asia?"

President: "The United States, as a leader of the free world, has a particularly important role to play in helping the anti-Communist countries in the Far East in the liberation of their enslaved peoples. Those countries which have for their aim the attainment of national freedom and democracy should be supported both materially and morally by the United States."

Question 10: "The Soviets have reportedly boasted of conquering the world by 1973. Do you think this is possible, Mr. President?"

President: "World domination remains the one unalterable objective of the Russian imperialists. If we allow the cold war to continue and do nothing about it, it is possible that the Russians may succeed in their objective even before the date that you mentioned. But I believe that we of the free world can defeat the Soviet objective if we would all work together and if we would enhance our own solidarity militarily, politically and psychologically, and resolutely help the enslaved peoples who want to be free. In that way, we would be better able to wrest the initiative from Russia."

Question 11: "In a different vein, Madame, why did your husband become a Christian?"

Madame Chiang: "Well, after we were married, for 3 years my husband and I studied the Bible together every day and he became convinced God is the Creator of the universe and Jesus Christ the Saviour of mankind."

NO CONFLICT

Question 12: "But isn't there a conflict between Christianity and Confucianism?"

President: "There is no conflict between the two. Confucianism is the basis of China's traditional culture which every Chinese has inherited and of which they are ever proud. Nevertheless you should know Confucianism is only a code of ethics, it is not a religion. Chinese traditional culture is rich in ideas concerning relationships between men but it offers no clear definition of the concept of God. This is a void which can best be filled by Christianity. In fact, Confucianism and Christianity supplement each other in bringing about a fuller and richer life."

Question 13: "Madame, please, excuse my curiosity, but I'd like to know something of your duties as the wife of Republic of China's leader. Many of us have the idea that in China a woman's place is in the home. * * *

Madame Chiang: "Well, mostly my work is alongside of the President, although I have my own work, too. I attend office. I visit orphanages and military hospitals. I have my work with the antitubercular sanitarium and antitubercular movement. I work with the refugees. I work with training young men and women."

Question 14: "Do you seek relaxation in painting?"

Madame Chiang: "Yes, I suppose you can call painting my relaxation, but I tell you it is also hard work."

Question 15: "It's my understanding, Mr. President, that the majority of your troops are, in fact, Formosans. Do these people, whose home is actually this island, have the necessary drive to return to the mainland?"

President: "Taiwan became Chinese territory as early as the seventh century. The so-called Formosans are all descendants of immigrants from the mainland. Their written language, their dialects, their customs, and their habits are the same as those of the inhabitants of the mainland. They are indigenous Chinese in every sense of the word, and not assimilated aliens. You should bear this especially in mind. In all the years when they lived under Japanese occupation, every year large numbers of them would still go back to the mainland to their ancestral homes to sweep the shrines and the graves. And they have so many relatives and friends there that they feel that their real home is on mainland China. Therefore they are just as anxious as the rest of us to fight back to the mainland to help liberate their friends and relatives."

MESSAGE TO AMERICANS

Question 16: "Mr. President, do you have a message for the American people?"

President: "Yes; I would like to give a message. First of all, I would like to thank the American people and the American Government for the help they have given us both in military aid and in our economic reconstruction. I would also like to express our appreciation to our many overseas compatriots in the United States and elsewhere who have given so freely of their substance and their hearts to our people here. I would like also to tell the American people about the danger of the nuclear war. Most people in the United States seem to expect the approach of a nuclear stalemate. Their belief is predicated on the premise that both the United States and Soviet Russia, being fearful of the annihilating power of the nuclear weapon, would not dare or want to initiate an all-out war so costly to humanity. It follows, therefore, that the American people see no likelihood of an all-out war. Local wars, they think, may occur."

"In my opinion, this way of thinking is fraught with danger because communism emphasizes the material rather than the moral. We know for a fact that Russia always cherishes ideas of communism particularly the teachings of Lenin. In short, it believes that communism can never coexist with capitalism, and that world war is unavoidable unless the world has come under the control of the Communists."

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CASE of South Dakota. The information the Senator has given to us is very encouraging. It seems to me it seconds the efforts some of us have made in trying to do everything we can to reach the people on the other side of the Iron Curtain.

Mr. WILEY. I am happy to have the Senator's comment. That is why I voted against the Knowland amendment. The

Interview was sent to me by my sister. In sending it, she wrote:

You may have read this in some American paper. Just in case you haven't, I thought you might be interested.

It indicates that in this troubled world there are many ways of providing deterrents to a third world war, and one is by seeing to it that those who would start a war are taken care of in the appropriate manner. I agree with the distinguished Senator from South Dakota.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. JAVITS. Mr. President, I call up my amendment identified as "5-28-58-C."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 47, between lines 10 and 11, it is proposed to insert the following new subsection:

(1) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows.

On page 47, line 11, after "(1)" insert "(1)."

On page 47, line 22, strike out the period and insert in lieu thereof a semicolon.

On page 47, between lines 22 and 23, insert the following:

(2) Insert the following new subsection:
 "(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized in foreign technical assistance, coordination with United States and other foreign aid programs and otherwise in the foreign policy efforts of the United States. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States."

Mr. JAVITS. Mr. President, the purpose of my amendment is to direct, under congressional mandate, the agencies of the United States, coordinated under the direction of the President, to ascertain how the private sector of the national economy, meaning business, labor, and voluntary organizations, and the efforts which they are now making in the foreign operations field—which are very considerable—may be best coordinated with the efforts of United States foreign policy.

In offering this amendment I have the honor to be joined by the distinguished junior Senator from Wisconsin [Mr. PROXMIRE], who is now presiding, and by the distinguished senior Senator from North Dakota [Mr. LANGER].

The only reason why the State Department took exception to the amendment when it was originally before the committee was that as I then had it drafted,

it seemed to give an emphasis to investigating barriers to private investment. The Department said, quite properly, that this question had been studied on a number of occasions and therefore they did not think the subject needed to be studied again in this fashion.

Since then, I have redrafted the amendment in order to emphasize very clearly the point I had in mind, namely, the point of coordination, which is the subject to which we urgently need to devote our attention. Following the redrafting, I am authorized, by reason of a conversation I had with Under Secretary of State Dillon, to make the following statement concerning the attitude of the Department. I shall quote it, because I read it to him, and he approved what I am about to read:

Upon close study of the amendment of Senator JAVITS, as redrafted following the marking up of the bill, the State Department has no objection to its adoption and considers that such a study will be helpful to United States foreign policy.

In my talk with Mr. Dillon, it was suggested that the words "foreign technical assistance," on line 10, page 2, of my amendment, might be eliminated. If the committee so desires, I can make the deletion here, or it can easily be done in conference.

We did exactly what I am suggesting today last year in respect to international travel, with great success. We now have before us a report, House Document No. 381, prepared under the direction of the President by Hon. Clarence Randall, which is now universally acknowledged to be a handbook or guidebook for the great effort which is now taking place in our Government to increase and improve international travel. The report brings the information up to date and gives authoritative recommendations as to what needs to be done. A series of bills is in preparation for the purpose of implementing the travel report. Altogether, it is a remarkably satisfactory report for all concerned. It was prepared in accordance with an amendment to the Mutual Security Act, exactly the same kind of amendment I am offering today. Last year the committee was kind enough to accept an amendment similar to this one and take it to conference. My amendment today calls for the same treatment of United States overseas private enterprise and its coordination with United States foreign policy.

I strongly feel that the example which has been set by this very successful report within the congressional framework in respect to international travel should be availed of in this instance.

As to the substantive reasons, Khrushchev has said, in so many words, that he has declared war upon us in foreign economic policy. It is universally acknowledged by every authority, including the Secretary of State, that if we try to fight the struggle in the economic field strictly with what we spend in Government, we shall be fighting with our right hand tied behind our back, because in our country the private sector of the economy produces the most, spends the

most money, and operates on the largest scale in almost every nonmilitary way.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SPARKMAN. Regarding the amendment offered by the junior Senator from New York for himself, the present occupant of the Chair, the junior Senator from Wisconsin [Mr. PROXMIRE], and the Senator from North Dakota [Mr. LANGER], that it is true, I may say, that the Committee on Foreign Relations considered a proposal which was advanced to the committee somewhat along the lines of the amendment. At that time the committee did not look with favor upon the proposal. There was no particular opposition to it, except that it called for studies which largely would have duplicated studies which had recently been made.

The Senator from New York has stated that the amendment has been redrafted. I suggest to the Senator that if he would amend it in the manner in which he suggested, the committee would interpose no objection to it and would be glad to take the amendment to conference. I believe that some good can come from it, because, certainly, all phases of the program can profit by a continuing study. I believe that is what the amendment proposes.

I may say, speaking not only for myself, but also for the chairman of the committee, that the committee has no objection.

Mr. JAVITS. I am grateful to my colleague from Alabama. I modify my amendment by striking out, on line 10, page 2, the words "foreign technical assistance."

The PRESIDING OFFICER. The amendment will be so modified.

Mr. JAVITS. Mr. President, I shall take only a half minute more, because the amendment will go to conference. I shall complete the presentation of my position, so that it will be before the committee of conference. I refer particularly to the analysis of American private investment, its size, and how deeply involved in overseas operations are a great many American companies which have an estimated \$60 billion worth of goods and services which is involved in foreign operations, which includes American companies shipping from the United States, as well as a large group of companies which manufacture overseas.

I point out the tremendous amount of technical assistance estimated at twice that of the United States Government rendered not only by American corporations, but also by voluntary organizations, colleges, universities, foundations, missions, trade unions, business associations, and technical associations such as those for lawyers, doctors, engineers, and others. All of these operations should be effectively coordinated with United States foreign policy.

At a time when we are searching for ways and means to supplement the nonmilitary aspects of our mutual security program, a study of the tremendously expanding economic and technical assistance activities of private United

States groups will reveal new ways in which the great resources they are using in foreign operations can be utilized. I am aware of other studies already made on the role of private investment abroad, but none so far have dealt directly with our pressing need to coordinate the extensive operations of private enterprise with our publicly sponsored foreign aid and technical assistance programs.

Many businessmen often do not know where to turn in Washington in order to ascertain whether the United States regards it as being in its interest or not in its interest for private organizations to engage in certain overseas operations.

For these reasons, I sincerely hope that a program for a report will be developed along these lines. I think it will be extremely important in assuring a successful future for our country's role in world affairs.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from New York [Mr. JAVITS] for himself and other Senators.

The amendment, as modified, was agreed to.

LATIN AMERICA AND THE MUTUAL SECURITY ACT

Mr. SMATHERS. Mr. President, on February 17, and again as recently as May 14, I spoke at length on the floor of the Senate about our relations with the 20 Latin American Republics. On these occasions, I called attention to the serious Soviet trade offensive in Latin America and the urgent need for a reexamination of our foreign policy as it applies to this area of the world.

Since 1956, Communist bloc efforts to stimulate trade with the Latin American countries have risen sharply. Almost every republic there was visited by the Communist bloc commercial missions last year. The delegations offered a great variety of goods on attractive terms, and offered to buy Latin American surpluses.

For example, Brazil received Hungarian and Polish offers to take \$60 million worth of surplus cotton off her hands. In the first half of 1957, the Soviet Union bought close to \$40 million worth of Cuban sugar. Moscow has offered to buy Bolivian minerals, and to supply smelter equipment. Soviet delegates to Colombia reportedly offered materials and equipment for development, including electricity production and telephone service, with credit on 10 to 15 years' terms and low interest rates. Colombia will initiate the sale of coffee this year, the basis of the project to be the establishment of vast coffee deposits in one of the Eastern European countries.

The U. S. S. R. is offering oil production equipment to oil-hungry Argentina and Brazil. These are only a few of the deals consummated or under consideration since Eastern European, Balkan, and Russian missions began their concentrated drive to win an economic foothold south of the Rio Grande.

In 1956, the latest year for which complete data is available, Soviet bloc trade with the Latin American countries amounted to \$234 million. Measured against the whopping \$7.5 billion United

States-Latin American trade, there is a temptation to dismiss the Kremlin's meager record as being of no consequence. To do so, however, would be to ignore Communist aims and to underestimate Communist tactics, as well as to overlook increasing Soviet economic resources.

As part of its design for world domination, Moscow's principal objective in Latin America is to drive a wedge between the United States and its Western Hemisphere allies. Outright military invasion is, of course, out of the picture. But subversion goes forward on a 24-hour schedule, and every opportunity to create hostility toward the United States is seized upon. The new economic offensive is calculated to soften Latin American attitudes toward the Communists.

In a story which appeared in the June 1 issue of the Washington Post and Times Herald, it was pointed out that the Russian bloc countries increased their trade with Latin America 609 percent from 1952 to 1956, a greater increase than with any other part of the world. These facts were the results of a study prepared for the Committee for Economic Development.

The facts reported should dispel any doubts which may exist as to the progress being made by the economic offensive launched in this area by the Soviet. The warning signals have been flying for some time. Either we heed them by assisting Latin America in the solution of the problems with which she is confronted, or else we must be prepared to suffer the consequences. Time now is of the essence, for the security and future economic well-being of this hemisphere is at stake.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks the article to which I have referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RED TRADE GAIN CITED IN STUDY (By Carroll Kilpatrick)

Russian bloc countries increased their trade with Latin America 609 percent from 1952 to 1956—a greater increase than with any other part of the world, a study prepared for the Committee for Economic Development reported yesterday.

"The Communists have made trade expansion a full partner with assistance in their economic offensive outside their own area," the study, by Michael Sapir, said. The aid program, he wrote, has a different emphasis in three distinct areas of the underdeveloped world.

In Asia and Africa, the Communists are concentrating on economic development aid; in the Middle East, on aid and trade; but in Latin America the emphasis is on increasing trade, Sapir said.

"In Latin America, the increase has taken place primarily because of vigorous efforts by eastern European countries," he reported. "A network of direct agreements has been established, with liberal credit provisions featured."

Latin America's principal imports from the Communist countries have been coal, machine tools, railway rolling stock and agricultural machinery. Principal exports have been meat, leather goods, and animal hides, sugar, coffee, and wool.

FOUR COUNTRIES INVOLVED

Sapir said the Soviet bloc, including Communist China, has concentrated on increasing trade with a relatively few underdeveloped countries. Four countries in Latin America are chiefly involved: Argentina, Brazil, Cuba, and Uruguay.

"They account for practically all of Latin American-Soviet trade at present," he said. Sapir is a student of international economics who has specialized in affairs of underdeveloped areas.

"The Communists are attempting to create, in the eyes and minds of the underdeveloped nations, the image of a widespread, richly varied but unified Communist world, similar in scope, variety, and resources to the free world, available and capable no matter what the problem," Sapir wrote.

While the Communists have expanded their relations with the non-Communist world in general, "they have concentrated increasingly on a 'trade-and-aid' program with the underdeveloped areas, and within the underdeveloped areas to uncommitted nations," the report said.

Sapir noted that only a very small amount of Soviet aid has been sent to countries receiving arms aid from the United States. But the uncommitted countries are receiving a substantial amount of Communist-bloc aid.

Afghanistan, Egypt, Indonesia, Nepal, Syria, and Yemen have received far more economic aid from the Soviet bloc than from the free world. Thirty-two percent of India's aid and 40 percent of Ceylon's has been from the Soviet bloc.

CONTRAST WITH UNITED STATES AID

In an introduction to the study, Herbert Stein, CED's director of research, said that of America's total foreign aid in the 11 years from 1945 to 1956 some \$10.6 billion, or less than a fifth went to underdeveloped countries, and some \$3.5 billion of that was for relief work.

Sapir said his study showed that the Soviet bloc "is capable not only of sustaining the economic drive currently underway but has the capacity to increase the effort several times over."

He said the Soviets are "constantly . . . probing for weak spots in the free world which can be exploited by a variety of means and to a myriad of costumes and poses . . ."

"Probably the greatest and clearest type of danger to the free world is the success of the Soviets in winning major influence in the Arab world, notably Egypt and Syria. . . ."

"The Communists are moving more slowly and less directly in Afghanistan, close to the border of sensitively neutral India." He said Russia also is concentrating on Indonesia's troubled waters with apparent success.

Sapir held out the possibility that Communist bureaucratic methods and poor quality goods may cause the Soviet bloc trouble in the underdeveloped countries.

"It would seem reasonable to expect that the longer the bloc programs are in existence, and the wider their efforts, the greater the likelihood that the Soviet and its satellites will stub their toes, making many of the errors we have made, and others of their own invention," Sapir said.

"There is evidence that such countries as India, Pakistan, Turkey or Burma and Ceylon are increasingly concerned about the political intent of the Soviet bloc, but concern alone, often, is not enough to frustrate Soviet ambitions."

Mr. SMATHERS. Mr. President, it is apparent that the economic realities south of the Rio Grande lend themselves to Communist designs. All of us know how the American Republics depend to a large extent upon one, or at best a few, exports for their livelihood.

A dip in coffee prices can be a major catastrophe in a dozen countries to the south of us. It is estimated that for each 1-cent drop in the retail or wholesale price of coffee, Latin America would lose \$25.5 million.

Consider the reaction to the announcement that the United States administration intends to raise tariffs on copper, lead, and zinc imports. In a stream of protests, Chilean journalists demanded that the markets behind the Iron Curtain be accepted for Chile's major export commodity.

Members of the Chilean Copper Producers Association are demanding that they be left free to negotiate with the Reds.

If Chile snaps up purchase offers from the Soviet bloc, the Communists will have achieved a coveted economic foothold.

On the other hand, what would be the case if the Chilean Government refused the alluring Soviet offers to purchase Chile's piled-up copper stocks? Should the perilous economic crisis in Chile worsen, certainly the Communists would heap blame and abuse upon both the Chilean Government and the United States, and would do their vicious utmost to encourage chaos and anarchy.

As Latin American economies sag further and as the trade picture darkens, we can expect the Soviet siren-call to sound more attractive by the minute. The specter of bankruptcy for Brazil, our largest and most populous Latin neighbor, already has prompted a number of her leading figures to come out in favor of trade with the Communists.

Osvaldo Aranha, longtime friend of the West, and head of Brazil's delegation to the United Nations, expressed the view that Brazil should renew trade and diplomatic relations with the Communist countries, severed since 1947. Foreign Minister Macedo Soares felt that Brazil should advance here economic interest by doing business wherever she can find customers. Finance Minister Jose Alkmin voiced agreement with this view.

Of and by itself, peaceful trading between East and West might be a desirable thing. The trouble is that trade, for the Soviets, is a calculated instrument of Communist penetration. Latin American officials who are hopeful that legitimate trade with the Communists will help avert economic deterioration in their countries may be inclined to take their chances on their ability to separate Communist political maneuvers from purely commercial transactions.

Latin American leaders are indeed caught in the middle. Their peoples are impatiently demanding higher living standards which lie beyond immediate capital capacity. When the price and/or demand for their chief export commodities decline, economic development hopes dim. It is little wonder that some will be willing to take international political risks, rather than hazards an outburst of frustration at home.

In the two speeches made on the floor of the Senate this year, I discussed the broad picture of our relations with Latin America—our political, spiritual, strate-

gic, and economic interdependence. This intricate interdependence is very much a part of our mutual security—that is, the security of both the United States and the Latin American republics.

At that time I proposed a four-point program for Latin America. It embodied the following main points:

First, adoption of a long-range, stable trade policy with all the Latin American countries.

Second, insurance that Latin America will receive a fair share of the Development Loan Fund, one proportionate to the needs of the Latin American countries.

Third, the necessity of restoring the Latin American special economic development assistance fund to promote health, education, and sanitation projects in the area.

Fourth, the institution of an adequate and effective Latin American student-exchange program.

The implementation of this four-point program will, in my opinion, contribute immeasurably toward strengthening our foreign policy for the area.

Mr. NEUBERGER. Mr. President, inasmuch as the able Senator from Florida has finished stating the compilation of his proposed program for Latin America, I wonder whether I may ask him a question.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Does the Senator from Florida yield to the Senator from Oregon?

Mr. SMATHERS. Mr. President, I am delighted to yield for that purpose to the Senator from Oregon.

Mr. NEUBERGER. Mr. President, since coming to the Senate, I have had an opportunity to hear the junior Senator from Florida [Mr. SMATHERS] deliver a number of speeches about our relationships with Latin America and how they can be improved and strengthened. Unfortunately, I never have had an opportunity to visit Latin America. That is one reason why I have listened attentively to the speeches the Senator from Florida has made, because I feel that I have been learning something and have been acquiring new information.

Mr. SMATHERS. The Senator from Oregon is overgenerous when he makes the latter statement. I only hope it is somewhat true.

Mr. NEUBERGER. I am certain that it is very accurate.

Before I ask the question, let me say that within the past 24 or 48 hours, the Senate has voted on a number of amendments which have sought to eliminate from the mutual-security or foreign-aid program certain Latin American countries which were described as dictatorships. I noted how the Senator from Florida voted on those amendments. If I am not mistaken, I believe he voted in opposition to most of those amendments.

Mr. SMATHERS. The Senator from Oregon is correct.

Mr. NEUBERGER. I also voted in opposition to those amendments.

I realize that my reasons for doing so were not so well grounded in information and facts and on-the-scene studies of

Latin America, as were the reasons of the Senator from Florida in voting against the amendments.

Will he discuss that matter briefly? I should like to have him do so, because I know it troubles many of the people of the United States, and I know that many of my constituents will ask me, when I return to Oregon at the end of this session, God willing, why I voted as I did on this particular issue.

I should like to have the Senator from Florida, who is one of our most thoughtful and best-informed students of Latin America, state why he voted in opposition to those amendments which sought to distinguish, in our aid program, between Latin American countries which are said to be dictatorships and Latin American countries which are described as being more democratic in their governmental processes.

Mr. SMATHERS. I shall be glad to try to answer the question of the Senator from Oregon.

Preliminarily I should like to say that I, like every other Senator, including the able Senators who offered the amendments, believe in democracy. Obviously, I am in favor of a democratic government in every country, and I believe all countries can realize their greatest potential, from their people and their resources, under the democratic system. However, I do not believe I would be realistic if I did not recognize that our position in the world is such that from time to time in our own interest we must cooperate with governments which are not democratic. If we were to say that we would write off every government that did not have a government exactly like our own, then, of course, we could have no hope that we would receive the support and the cooperation of, let us say, Franco, in Spain; and we would not have an opportunity to try to induce such a man, for example, as Tito, to leave the Soviet orbit and perhaps align himself with the free world; we would have no opportunity to have Mr. Salazar, in Portugal, cooperate with us; and we would not have an opportunity to keep on our side some of the Latin American countries which do not now have democratic governments, yet which obviously would be—and in fact are—very beneficial to us in fighting the common enemy.

In our own interest I believe we have to get support from whatever sources we can in opposing a common enemy. Oh, yes, we all like democracy; but during World War II I was delighted, as a member of the Armed Forces, to have the Soviet Union fighting on our side. The Soviet Union had the worst kind of dictatorship under Joseph Stalin. Did we say we did not want aid from the Soviets because they had a dictatorship? No; we had a common enemy, the Nazis, and we democracies gladly welcomed the help of the Communist dictatorship. We have a common enemy today—Soviet communism. Wherever there are countries in the world who want to be friendly with us, although we do not necessarily approve of the type of government they have, and are willing to help to achieve the greater goal of combating

world communism, then I say, in our own interest, we must cooperate with them.

For example, I voted in opposition to the amendment which would have stopped aid to the Dominican Republic. I do not offer any brief for the type of government in existence there, as compared to democracy. However, what would happen if that particular country were run by a dictator who was friendly to the Soviet Union rather than friendly to the United States? What would happen to our tracking station for guided missiles now located there? What would happen to the feeling of security we now have in that whole Caribbean area if the Dominican Republic fell under a Communist-influenced government? What would happen to us? That country is only 1 hour and 15 minutes away from the State of Florida.

We would be so greatly alarmed by such Communist penetration that undoubtedly we could not permit it to continue. We would possibly have to send Marines or the Air Force to stop the un-American penetration into our own backyard. Of course, if we did that, we would lose the rest of South America.

Such a situation occurred in Guatemala. General Arbenz was the dictator there. He was under Communist influence. That country thereafter became a threat to our own security. Happily there was a revolution. Castillo Armas came into power. We tried to prop him up. We helped him. It cost us \$10 million the first year. We appropriated that amount here on the floor of the Senate. Thereafter we gave him another \$5 million. The next year we gave him another \$10 million. Both governments there were dictatorships. Politically we did not like either of those governments, but we wanted leadership friendly to us in the common fight which we have against the Communists. And we got it, to the betterment of all concerned. I voted the way I did last night because of what I believe to be the overall interest of our country, even though, personally, I do like, as certainly the Senator from Oregon does not like, the specific types of government in the countries affected by the amendment.

Unfortunately, throughout the world, all people do not think democracy is the best form of government. We hope some day they will think so, but, until they do, we must make common cause with those who fight the same things we fight. Those who will help us, stop and defeat those who would destroy us, must not be turned away. The important objective at the moment is to stop further Communist penetration, and certainly stop it in the Western Hemisphere.

Mr. NEUBERGER. I thank the Senator from Florida for clarifying the issue. I raised the question because I think many persons may form a rigid judgment and say our Government should extend aid only to a country that has a type of government which is exactly like our own, or at least one we can approve of thoroughly.

I especially asked the Senator from Florida my question because his own State is probably the State closest, geographically, to Latin America, and he

himself has studied Latin America so diligently.

I could not help but think, during the votes taken last night, when I followed the leadership of the junior Senator from Florida, with respect to decisions affecting certain Latin America countries, that if we had invoked this criterion all through our history, it would have been quite perplexing, indeed. For example, the founders of this great Nation were struggling for democracy in the late part of the 18th century. Yet they were delighted to receive very valiant and unselfish aid from France, which was not then a democracy. Without that aid, they may not have won their heroic fight for democracy from the British crown.

I am glad the Senator from Florida, who like myself, was in the Armed Forces during World War II, mentioned the fact that the two great leaders of the free world at that time, the late Franklin Delano Roosevelt and Prime Minister Winston S. Churchill, made a very careful and calculated decision that aid should be sent to the Soviet Union after the Nazi armies invaded that nation.

Undoubtedly, the aid we sent to the Soviet Union helped spare the lives of American and Allied soldiers, because such aid undoubtedly resulted in the destruction of many Nazi armies which otherwise would have been thrown against the American, British, and French armies.

If in our mutual defense program we examine each nation to which we furnish aid with a magnifying glass, I think that we may not furnish aid to any country. For example, with respect to the shameful and shabby personal conduct engaged in by General Trujillo's son, I concur in everything which was said in criticism of his conduct; but if we are to examine the peccadilloes of the families of ruling dictators or royal families of countries with which we are allied, and subject those nations to scrutiny of this kind, and deny aid to them, then the program would be reduced to a *reductio ad absurdum*.

Mr. SMATHERS. I think it was in 1944 that the then President, the great Franklin Delano Roosevelt, wrote a letter to General Trujillo and commended him for the cooperation which he and his country were then giving the United States in our battle against what was then our common enemy. President Roosevelt did not ignore or turn his back on Trujillo's dictatorship. He accepted it and used it, for it was on our side against the enemy—just as it is today. Consider the dictatorship that existed during World War II, to some extent, in Cuba. Cuba agreed to sell to us, at lower than the world price, her complete production of sugar, at a time when we could not get sugar elsewhere. If President Roosevelt had said that we would not take sugar or any other help from that country or any other country unless it had a government just like ours, it would have cost a great deal more in terms of money and undoubtedly in terms of human life. I agree with the Senator that it does not make sense

to say we will not join with a particular country, nor cooperate with it, simply because it does not have the same form of government we have. So long as a country shows evidence that it is against the common enemy and is willing to stand with us, then I say it is only commonsense that we make friends with that country and appreciate what it does.

Mr. NEUBERGER. I thank the Senator from Florida for his very cogent and effective explanation.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield to my distinguished senior colleague.

Mr. HOLLAND. I thank my colleague. First, I wish to express my own very great appreciation for his remarks. I think the junior Senator from Florida, who now has the floor, has done a splendid job of explaining our friendly and cordial relationships with Latin America, not only in the able speech he has delivered but also in the matter which has been mentioned by the Senator from Oregon. I hope the Senator will have great success in his long and continued efforts to bring about a finer understanding between us and our neighbors, because they are our neighbors.

Mr. President, in further discussion of the point brought up by the distinguished Senator from Oregon, I should like to contribute, if I may, a little information based upon my own observations. I think the Senator from Oregon knows I have had considerable interest for some years in the Inter-American Highway. We have a very definite interest in that highway because, when completed, it will provide for the first time overland access to the Panama Canal, which is one of the very great evidences of the success of our engineering, our diplomacy, and our ability to live with other people.

I invite attention to the fact that if we had decided we were perfectly willing to help the rather small nations which were clear-cut democracies, which happen to be on that route, but had not been willing to be helpful to those countries which for the moment were operating under dictatorships, we would have been making ourselves supremely ridiculous. That highway of some 3,200 miles runs through nations of almost every point of view as to the form of government which has been adopted.

Let me relate to the Senate an observation with respect to what I saw happen. At a dedication of a strip of the highway on the border between Costa Rica and Nicaragua, a very interesting incident occurred. Both of those countries are warm friends of ours. One is a very real democracy. The other at the time of the incident was a dictatorship. There had been fighting on the border. There had been unpleasantness for months. The border had been closed. Yet so efficient was the completion of that highway in establishing better relations that, on the day of the dedication, there were lined up some 200 cars on one side of the border headed the other way, and on the other side of the border there were lined up some 400 cars headed into the other nation. That incident is a clear indica-

tion of the fact that the mere completion of a good road gave an opportunity for those people to know each other better and to mingle much more freely than had been possible theretofore. The border was opened for the first time in months at the moment of the completion of the dedication.

I also invite attention to the fact that many of the projects we undertake, while they are helpful to our friends and neighbors, are also of great utility to us. For instance, the Mediterranean fruitfly unfortunately has invaded Costa Rica. I am hopeful we may be able to work out some joint arrangement with Costa Rica to meet that problem. We worked out an arrangement with Mexico for the elimination of foot-and-mouth disease in cattle. That campaign in Mexico was as much for our own protection as for the protection of Mexico's interests. I hope we may be able to work out something to help Costa Rica with respect to the Mediterranean fruitfly, because we have acquired considerable skill and ability in stamping out that destructive pest, as has been made quite apparent in the State represented by my distinguished junior colleague and myself.

I think a venture of that kind would be helpful to Costa Rica. It certainly would be neighborly. However, it would be helpful to them regardless of the kind of government Costa Rica had. There might be some special situation which might break out in a nation, regardless of the type of government in control of the nation.

I know that with respect to the control of human disease many problems arise. It is to our interest, because these countries are our neighbors and because there is very free ingress and egress to and from our country, to help those countries, for our own sake as well as for theirs, to conquer disease and epidemics as the occasion arises. I think we would be very blind to our own self interest if we said we would not help nation A simply because it happened to operate under a form of government of which we did not approve.

With respect to the Dominican Republic, the Senator will recall that Haiti is the oldest of the republics to have relationships with us. Haiti is currently in a very weak and difficult position. We are doing our best to help that country. Haiti occupies the west end of the same island the Dominican Republic occupies on the eastern end. I think we would be very blind indeed if we shut our eyes to the fact that when we help the Dominican Republic we are certainly assuring somewhat better conditions and a better chance to resume a healthy national life to Haiti.

We cannot divorce nations which border upon each other from each other. My feeling is that these ventures are frequently as important, or even more important, to our own interest than they are to the interest of the neighboring peoples. These ventures could not possibly be based upon the question of whether we approve of the form of government under which the country is operating at the moment.

My own feeling is that my distinguished colleague is exactly right in the position which he is taking on this matter, and that the Senator from Oregon [Mr. NEUBERGER] was exactly right in voting as he did last night with respect to this matter. Incidentally, I voted the same way. I think all of us were right. After all, we believe in recognizing the freedom of other peoples to live as they see fit.

Incidentally, if we declined to recognize countries which are for the moment dictatorships, we would be declining to recognize those which have been the firmest in their opposition to communism. At this time I think our particular interest on the earth is linked with that objective. So I cannot too strongly approve the position taken by my distinguished colleague. I wish him Godspeed in his continued effort to bring about better and ever better relationships between our country and our neighbors. I think our fate on this earth is much more interlocked with the fate, the future, the progress, and the helpful existence of neighboring nations in Latin America than it is with the existence of any other nations anywhere. These countries are our best customers. We are their best customers. They are our best friends. We are their best friends.

I think we should not permit temporary differences of opinion toward government to interfere with our cordial relations and our willingness to help these countries out of our strength, as I know they are willing to help us out of their strength, exactly as Brazil and Colombia, for instance, helped in such a real fashion during World War II, and as Colombia helped in Korea.

I express my firm approval of the position taken by the Senator from Florida and the Senator from Oregon.

Mr. SMATHERS. I am grateful for the comments of my senior colleague. I believed that was the way he felt. I congratulate the senior Senator from Florida for his great and demonstrated interest in trying to bring about better relationships between our neighbors to the south and ourselves. I think my colleague expressed what I was trying to express much better than I. I concur in everything he has said with respect to the reasons why we must, in our own interest, cooperate with some governments which do not have the same type government as we.

As the able Senator from Oregon said, at first blush it appears as though we are being extremely hypocritical or inconsistent, but upon analysis we find it is the only sensible and practical thing to do, not only with respect to these nations, but with respect to our own country.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. NEUBERGER. I am reassured on my stand by the position of the able senior Senator from Florida, in addition to the position taken by the distinguished junior Senator from Florida.

During the Senator's remarks, I recalled that at the time of World War II

pro-Communist elements in our own country insisted we should send no aid to Finland, because they assailed Marshal Mannerheim as a dictator, when it would certainly have been in our interest to have sent more aid to Finland at the time of its cruel invasion by the Soviet Union. Today there are groups in America who denounce President Syngman Rhee of South Korea as a dictator, yet we have certainly no sound reason to abandon South Korea to the ravages of the Communists of North Korea.

So I thank both Senators from Florida for their corroboration of the stand which the 3 of us took on the ye-and-nay vote last night.

Mr. SMATHERS. I thank the able Senator from Oregon for his contribution, and I assure him that so far as we are concerned, we think his stand is eminently correct, as we think most of his stands are.

Mr. NEUBERGER. The Senator is always very kind.

Mr. SMATHERS. Mr. President, I had just finished mentioning the 4-point program which I think we should adopt. I have also given consideration to the idea of adding another point to the 4-point program. This point has been previously discussed by me several times during the past few years. I refer to the possibility of establishing a separate Latin American Loan Corporation, or a Latin American Development Fund, which would devote exclusive attention to the problems of Latin America, as contrasted with the situation which exists today, in which the Latin American countries must stand in line; and usually, because they must stand in line, and because the urgency seems to be so much directed toward what is happening in France, Yugoslavia, Poland, India, or somewhere else, our Latin American friends come last.

Today we are again considering mutual security legislation. Under the pending bill, Latin America would receive \$54 million for military assistance, \$36.5 million for technical assistance, \$23 million for special assistance, most of which will go to specific countries—namely, Bolivia and Haiti, and \$3 million would go to the Pan American Sanitary Bureau to eradicate malaria in the area.

Further, I am informed that Latin America will receive an additional \$14 million under the United Nations Technical Assistance and the United Nations Children's Fund Program. This brings the total for Latin America to approximately \$131 million or 4 percent of the total authorized appropriation of \$3.1 billion.

Generally speaking, Latin America is not sharing any more under this authorization bill than it has in the past.

However, I am encouraged by the fact that the authorization has not been reduced. I am encouraged by the fact that there is considerable evidence that our Latin American friends will receive more attention in the future than they have received in the past.

Senators will remember that in 1956 I introduced, and Congress passed, an appropriation aimed especially at helping our sister Republics to develop

in such basic fields as health, education, and sanitation. Much progress must be made in these fields if the area is to be able to attract private capital.

The appropriation was in a relatively small amount, namely \$15 million, 75 percent of which was on a loan basis. The State Department did not approve of the idea at the time, and was slow about administering it. Finally, with some persuasion from my able colleague, the Senator from Montana [Mr. MANSFIELD], ICA got around to assigning the loans. Subsequently, official reports from the field have been glowing regarding the value to the recipients of the loans and the harvest of good will reaped by the United States.

Last year the Senate desired to continue this program on a separate basis. Under section 400 (b) of the Mutual Security Act, \$25 million was authorized for the same type of vital basic projects, with at least 90 percent to go on a loan basis.

Unfortunately, when the foreign-aid appropriations bill went to conference, the program designed especially for Latin America got lost in the shuffle. It was my understanding, however, that many of the conferees thought there was no necessity to have a separate program for this area alone, believing that in the creation of the development loan fund and the general special assistance fund, Latin America would receive the same benefits except on a larger scale in implementing the type of assistance contemplated by the amendment which I proposed in 1956.

The administration contended that Latin America's further needs can be met adequately from the general development loan fund. I hope this will turn out to be true. But frankly, based on the record, there is no reason to be optimistic. What I fear, if past performance is any guide, is that we can expect ICA and the State Department to be so engrossed in other continents that our Latin American friends will have to stand last in line for attention.

In 5 months since the fund has been in operating condition, it has received proposals from 4 continents, involving 285 development activities, and amounting to \$1.963 billion, or over 6 times the money it now has to lend. Proposals totaling \$1.734 billion are actively under consideration. Twelve of the Latin American Republics have applied. The type of projects for which they desire loans include resettlement projects, ports, power generation, road construction, manufacturing facilities of various sorts, and local small loan development banks. Their applications total \$200 million or 11 percent of the total applications under consideration.

Almost a year has passed since Congress created the development loan fund. Only 1 loan thus far has been made to Latin America, and that was in the amount of \$5 million to Honduras for its part in the development of a highway program, which has now become a part of the Pan-American Highway.

I cannot urge too strongly that Latin American countries receive a fair pro-

portionate amount of these funds for development projects.

Although the language contained in the development loan provisions of the Mutual Security Act is broad enough to encompass the type of assistance set forth in section 400 (b) to which I have already referred, it is unlikely that loans will be made for this purpose because there are numerous other projects in the area which have a priority over the basic necessities of health, education, and sanitation projects. However, even though they have this priority, in my judgment they should not have it.

It is for this reason that I believe it essential that when the foreign aid appropriation bill is considered by the Appropriations Committee, every effort be expended to appropriate \$25 million for the purposes outlined in section 400, subparagraph (b). The authorization is still outstanding under section 400 (b).

In this way Latin American countries will know that they can count on some special consideration in our foreign-aid picture.

When the foreign aid appropriation bill is before the Congress, I am hopeful that it will contain adequate funds to carry out this program which has demonstrated its effectiveness in generating good will among our Latin American friends.

While the program for Latin America, in my opinion, is still far from adequate, I will support it in the hope that the investigation to be conducted by a subcommittee of the Foreign Relations Committee, headed by the very able and distinguished senior Senator from Oregon [Mr. MORSE] will come up with some specific recommendations along the lines I have indicated. A thorough reexamination of our foreign policy with respect to this area will reveal that such a program is essential from a minimum standpoint if we are to recapture our lost prestige among our neighbors to the south.

Of course, economic assistance through loans is only a part of the total picture of our efforts on behalf of Latin America. Technical assistance, trade, educational exchange, and private investments all play important roles. But it is essential that we not neglect any avenue in the search for means to facilitate Latin America's progress. As the 20 Latin American Republics advance, the Western Hemisphere and the Western World is correspondingly strengthened.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield to the able Senator from Montana.

Mr. MANSFIELD. I wish to commend the distinguished Senator from Florida, not only for the speech he has made on the floor of the Senate this afternoon, not only for the outstanding speech he delivered several weeks ago following the trip of the Vice President to Latin America, but, most important of all, for his consistent attitude of sympathetic consideration, and the degree of understanding he has manifested down through the years toward all our neighbors to the south.

If there is one voice in the Congress which has been raised consistently in

behalf of a better and more understanding policy toward Latin America, it is the voice of the distinguished junior Senator from Florida, who has addressed the Senate this afternoon. I know that on occasion he has been, in effect, and in fact, a voice crying in the wilderness; but I point out to the Senate that many of the things which have come to pass have been called to the attention of the Congress on many occasions by the Senator from Florida during the years he has been a Member of this body.

I hope that what he has said today, and what he said on the floor 3 weeks ago, will receive careful consideration, because I believe that if the administration were to follow the lead and the example set by the Senator from Florida, our relations with our neighbors to the south would be much better today than they have been during past decades.

Mr. SMATHERS. I thank the very able Senator from Montana for his generous expression with respect to me and my efforts. What we have been able to accomplish would not have been accomplished had it not been for the cooperation and willingness on the part of the Senator from Montana to help in connection with these particular projects.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. SMATHERS. I am very happy to yield to the Senator from Alabama.

Mr. SPARKMAN. I wish to commend the Senator from Florida for adding today's speech to other speeches and other efforts he has made from time to time in behalf of Latin American countries. It has been my pleasure to support amendments he has offered in committee and on the floor. I believe a great deal of good has resulted. I wish to ask the Senator this question:

Does he not believe that some of the recent troubles and outbreaks which we observed in some South American countries resulted from the thinking on the part of those countries that in the past we have largely taken them for granted? Has not that really been our trouble down through the years?

Mr. SMATHERS. First I should like to say to the Senator from Alabama that I appreciate the kindly way in which he spoke about me. Some of the things which have been accomplished could not have been accomplished without his very able cooperation. I know he has a thorough understanding of the need for better relations with South America. He has always stood up in behalf of projects designed to bring about better relations.

In answer to his question I would say, absolutely there is no doubt that the people of that area feel that we only call upon them and are interested in them only when we need them. We used them very greatly during World War II. As soon as the war was over, and when we no longer had any real requirement for their bases or for their resources and, in some instances, for their manpower, we turned our backs on them, and no longer paid any attention to them.

As late as 3 years ago, for example, even in connection with the student-

exchange program, which we conduct with other countries all over the world, there were only 11 students from Latin American countries studying in the United States.

That number has now been increased to 155. When we consider that there are 185 million people in Latin America, that it is rapidly burgeoning in every direction, and that it has the fastest-growing population in the world, it is apparent that we should have far more Latin American students taking part in the exchange program in this country. It is particularly important because students in Latin America have a great interest in political life, as we have seen demonstrated in recent outbreaks, particularly with respect to the Vice President's visit in Latin America.

Mr. SPARKMAN. I am sure the Senator recalls with approval the very fine program which was initiated under Cordell Hull as Secretary of State, which is referred to as the good-neighbor policy, when we really started getting things done. Does not the Senator from Florida agree that we need to reevaluate and rededicate ourselves to the good-neighbor policy?

Mr. SMATHERS. I could not agree with the Senator more completely; he is absolutely correct. I thank him for his observations.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield to the Senator from Vermont.

Mr. AIKEN. I wish to commend the distinguished Senator from Florida for putting emphasis on the importance of Latin America in our consideration of world affairs. Latin America is the most rapidly growing part of the world, populationwise, and is also growing rapidly economically. It is growing in importance year by year.

Politically, they are people who for the most part, and with the exception of a very small minority, see things as we do, and they want to cooperate with us. It is essential that we attach greater importance to the programs which we can carry on cooperatively with Latin American countries. It is a good investment, for one thing. I have not visited many of those countries, but in those I have visited I found that the people regard themselves generally as members of our team, and they have proved themselves to be so in the past. It is unfortunate that there have been instances which might be used to give a contrary impression. I am very sorry they have occurred. I am sure the responsible people in those countries feel as bad about it as anyone else.

I wish to say again that the Senator from Florida is performing a service in making the point he does. With respect to his amendment, I have not studied it. It was not placed in the bill, as the Senator knows, because the Committee on Foreign Relations has a subcommittee already in being to make a study of the situation, and it would seem to be a little premature to consider the amendment at this time.

Mr. SMATHERS. I have withdrawn the amendment.

Mr. AIKEN. I was going to add that the fact that the amendment was not put in the bill should not be interpreted as meaning that the members of the committee did not consider it favorably or that we oppose it in any way, but merely because to do so would be to render a premature finding in this case.

Mr. SMATHERS. I am very grateful to the able Senator from Vermont for his statement and expression. We have found that Members of the Senate, particularly the members of the Committee on Foreign Relations, are very alert and very aware of the importance of Central and South America. However, we have the problem of getting the State Department to give to the affairs of Latin America the importance which we in the Senate seem to think that area of the world deserves.

Furthermore, we must urge very strongly the Committee on Appropriations to make sufficient appropriations so that the programs which are authorized in a bill such as the one now before the Senate can be effectively carried out.

I yield the floor.

Mr. BRIDGES. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 34 beginning with line 1, it is proposed to strike out all matter through line 11.

On page 34, line 12, to strike out "SEC. 3" and insert in lieu thereof "SEC. 2."

On page 43, line 22, to strike out "SEC. 4" and insert in lieu thereof "SEC. 3."

On page 35, line 3, to strike out "SEC. 5" and insert in lieu thereof "SEC. 4."

On page 35, line 13, to strike out "SEC. 6" and insert in lieu thereof "SEC. 5."

On page 43, line 9, to strike out "SEC. 7" and insert in lieu thereof "SEC. 6."

On page 44, line 7, to strike out "SEC. 8" and insert in lieu thereof "SEC. 7."

On page 48, line 18, to strike out "SEC. 9" and insert in lieu thereof "SEC. 8."

On page 51, line 13, to strike out "SEC. 10" and insert in lieu thereof "SEC. 9."

On page 52, line 13, strike out "SEC. 11" and insert in lieu thereof "SEC. 10."

On page 63, line 10, strike out "SEC. 12" and insert in lieu thereof "SEC. 11."

On page 63, line 19, to strike out "SEC. 13" and insert in lieu thereof "SEC. 12."

Mr. KNOWLAND. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, without the Senator from New Hampshire losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRIDGES. Mr. President, my amendment proposes to strike from the committee bill section 2, the sense-of-Congress provision regarding India's second 5-year plan.

Section 2 reads in part as follows:

The Congress recognizes the importance of the economic development of the Republic

of India to its people, to democratic values and institutions, and to peace and stability in the world. Consequently, it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program for economic development.

This language would be appended to the statement of policy of the Mutual Security Act of 1954 as amended.

If the committee amendment is adopted, India will be the only nation—of the more than 60 nations the United States is aiding—which will be mentioned in the statement of policy in the entire act.

To me, this would be a mistake on the part of the Congress. I fear it would have adverse international repercussions toward the United States by other nations for whom a more worthy case can be made.

As the committee bill is drafted, for example, the expression of congressional interest in the Western Hemisphere is relegated to the tail end of the bill. Such discrimination against the nations of the Western Hemisphere, most of whom have been our friendly allies far longer than India, is shocking to me.

In the United Nations the Latin American countries have supported the United States position far more solidly and firmly than has India, which has voted against us or played a coy game of abstaining from voting.

I recall that India accorded Khrushchev and Bulganin a reception where rose petals were strewn in their path. No such warm reception has been accorded our own Secretary of State.

The discriminatory treatment of the Western Hemisphere nations by the Senate Foreign Relations Committee is especially shocking in view of the recent events in South America. One would have thought the unhappy experience of our Vice President and his wife would have awakened us all to the dangers of continuing to take for granted the friendship of our neighbors in the Western Hemisphere.

With all due respect to the committee, Mr. President, I strongly believe the proposed committee amendment to the statement of policy is inappropriate. More than that, it is inadvisable from the standpoint of international relations.

The statement of policy in the present act covers, by its general terms, the situation in India and in the Western Hemisphere. Furthermore, the United States Government, under that general authority, is already extending considerable aid to India. This is indeed proof of our interest in the economic development of the Indian nation and its people.

The committee amendment, therefore, is redundant in singling out any one country or area.

By accepting the committee proposal, we would elevate unduly a single nation—which in this case takes refuge in neutralism—over and above other nations which, although closer to the Communist aggressors, are, nevertheless, willing to ally themselves with the free

world. Shall we thus incur the displeasure of our allies?

In many respects, I think it is unfortunate the committee has confronted the Senate with this issue. The danger of generating ill will is inherent in the proposal.

Mr. President, let us resolve this question by striking out the committee amendment on the grounds that it is redundant, inappropriate, and inadvisable.

Mr. President, this issue is very simple. If the committee amendment shall be adopted, India will be the only nation in the world to be singled out from some 60 nations which are mentioned in the statement of policy in the bill. We have just heard a statement by the distinguished Senator from Florida [Mr. SMATHERS], in which he was joined by other Senators, in which he emphasized the importance to the United States of Latin American and South American countries.

If the provision relating to India is allowed to remain in the bill, it will be a slap at every free country which the United States is aiding; and considering the current interest in Latin America and South America, the provision relating to India will be a direct slap at them. It will be a slap at every good friend we have.

I shall not go into the merits or demerits of the issue of aid to India. I am capable of doing so, and am very willing to do so, if necessary. I am speaking purely on the basis of the question, Why should we single out one nation in the whole world? What of other free nations which are our friends, especially countries in Latin America and South America, who believe they are being slighted anyway?

I think this provision would be poor legislation. I do not know why the sponsors of the bill should not be willing to accept the amendment to strike out the provision.

I could speak at length on this subject, but I do not wish to do so if an agreement can be reached to strike out, as a matter of principle, a provision which I think should not remain in the bill.

Mr. THYE. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. THYE. Unfortunately, I was not in the Chamber when the Senator from New Hampshire called up his amendment and described it. What does the Senator propose by his amendment?

Mr. BRIDGES. The amendment merely strikes out section 2 of the bill, which singles out India from among all the nations of the world for special attention and help.

My position is not concerned with the merits or the demerits of the question of furnishing aid to India. Section 2 is a slap in the face of every other free nation on the face of the globe, some 60 or 65 nations which we are helping. We must not single out one nation and include it in a section relating to policy.

I call attention to the statement which the Senator from Florida [Mr. SMATHERS] has just finished, in which he spoke of the importance to the United States of

Latin American and South American countries. He said that they feel slighted already.

I can discuss the merits of our furnishing aid to India, if I have to do so. I can discuss it at some length in rather sharp language. But if I can get an agreement to strike out this provision as a matter of principle, by that action we will not disapprove aid to India; we merely will not, in a statement of policy, single out India.

Mr. THYE. It is a matter of policy within the construction of the bill that if we are to render assistance, it will be on the basis of the good judgment of the administration, wherever in the world it is deemed advisable and to the advantage of the freedom of mankind that it be done.

Mr. BRIDGES. That is correct.

Mr. THYE. We should not single out one specific nation within the construction of the bill.

Mr. BRIDGES. That is correct.

Mr. THYE. The Senator from New Hampshire has made a very valid point. We might find ourselves highly embarrassed among other nations next year if they said, "You will have to include us specifically in the construction of the bill; otherwise we will not believe you to be acting in good faith relative to us." Is not that what the Senator from New Hampshire is contending?

Mr. BRIDGES. Certainly. There is no reason why we should not include in the policy Colombia, Peru, Venezuela, and Brazil, or our closer good neighbors, Mexico and Canada, or any of the European nations and good allies, such as Greece, Turkey, Great Britain, and other countries. I should like to keep this proposal on the high level of principle.

Mr. THYE. India is a great nation. It has vast potentials and vast undeveloped resources. There is no question that in the future it will be one of the most important nations in the world. However, if we specify in the construction of the bill that we will do certain things for India but omit other nations, that action might be misunderstood, and it might not do justice even to India.

Mr. BRIDGES. I thank the Senator from Minnesota.

May I ask the distinguished Senator from Rhode Island, the chairman of the Committee on Foreign Relations, if he will not be willing to accept my amendment?

Mr. GREEN. No, Mr. President; I am sorry to say that I cannot accept the Senator's amendment.

Mr. BRIDGES. Why does the chairman of the Foreign Relations Committee wish to single out one nation, and thereby slap in the face every other good friend we have in the world?

Mr. GREEN. I shall be glad to explain this matter.

Mr. BRIDGES. I should like to have the distinguished Senator from Rhode Island state the explanation.

Mr. GREEN. I consider the policy statement in the bill regarding aid to India one of the most significant provisions in the entire bill.

Due to the size of India, due to its position of leadership in Asia, due to the fact

that it is one of the most successful democracies on that continent and due to its competitive relationship to Communist China, the importance to the United States of India's continuing freedom is very great.

There is a need for a clear statement of congressional attitude regarding assistance to India. Many of us have been disappointed at the size of the assistance now programed for India by the administration. We believe that a larger program might have been requested of the Congress, but for some uncertainty as to the kind of reception such a request would have received in the Congress.

I wish to make it clear that the policy statement on India in the bill does not underwrite the Indian economic development program or guarantee its success. The statement simply expresses the sense of the Congress that it is in the interest of the United States that India's development program succeed.

India needs some additional encouragement, such as this policy statement, at this critical moment, because, although its economic development program has been very successful so far, it is now at the point from which it must either go forward at about the same rate or slip back very disastrously.

I feel confident that another salutary result of the inclusion of this new policy statement on India will be that it will spur other of the industrialized countries to join us in helping India.

For all the reasons which I have given briefly, Mr. President, I urge that the amendment be rejected.

Mr. BRIDGES. Mr. President, I do not agree at all with the Senator from Rhode Island. I believe his argument is unreasonable and unsound. Everything he says in favor of India can, to some degree, be said in favor of Brazil or Mexico or Colombia or Venezuela or any of the other countries of South America or in favor of Greece or Turkey or certain other nations in that part of the world.

The United States is trying to build up friendship in the world. It is now helping approximately 60 or 65 nations. This part of the bill in question would single out only one nation. Can we say that this would be creating good will in our relationships with the others?

Mr. President, even if we had not made any mess of things to date, certainly this portion of the bill would have that effect.

Mr. KENNEDY. Mr. President, will the Senator from New Hampshire yield to me?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from New Hampshire yield to the Senator from Massachusetts?

Mr. BRIDGES. I certainly do.

Mr. KENNEDY. At many points there are references to individual countries. For instance, there is a reference to the transfer of military equipment to Japan.

Mr. BRIDGES. But there is no—

Mr. KENNEDY. I should like to complete my statement, if I may.

Mr. BRIDGES. Certainly.

Mr. KENNEDY. In the reference to section 105 (b) (3) we find mention of

the Associated States of Cambodia, Laos, and Vietnam.

We also find a specific reference to Korea, and also a reference to Yugoslavia.

So there is no doubt in my mind that there are numerous precedents for the specific mention of this particular country.

The fact of the matter is that India has a population more than twice as large as the combined populations of all the Latin American countries, and the security of India is vitally important to the security of the United States. India is at a critical time in her development.

I believe that what happens to India will probably have a greater effect on what happens to the United States and to the rest of the free world during the next several years than what will happen in any other country. Therefore, when India stands at the crossroads, I believe it is vital that we indicate our concern in the success of her second 5-year plan.

Mr. BRIDGES. Will the Senator from Massachusetts state whether there is in the policy section of the bill any mention of any country except India?

Mr. KENNEDY. I have attempted to indicate the references to various individual countries.

Mr. BRIDGES. Perhaps somewhere in the fine print of the bill there may be references to individual countries, but not in the earlier portions. As a matter now stands, India is put in the No. 1 position, in connection with outlining the basic policy of the United States.

Mr. KENNEDY. I do not believe the importance assigned to any particular countries is to be judged by the portions of the bill at which their names appear.

Mr. BRIDGES. But this section outlines the basis policy of the United States. The other references to individual countries, to which the Senator from Massachusetts has referred, are minor references at various points in the subsequent text of the bill.

Mr. KENNEDY. The fact is that we do mention assistance to particular countries, and in this bill we authorize it; that is true in the case of the Associated States of Cambodia, Laos, and Vietnam, for instance.

In the present instance, all we are dealing with is an exhortation to the leadership of the other free countries to come to the assistance of India, at least in connection with her long-range plans. I believe that is important, in view of the present world situation.

Mr. FLANDERS. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. FLANDERS. In order to determine my attitude toward the amendment of the Senator from New Hampshire, I should like to ask whether, in his judgment, if the amendment is agreed to, the elimination or removal of section 2 would have any harmful effect on the assistance we render to India. Does the amendment simply propose to delete this specific recommendation with regard to India, for the reasons the Senator from New Hampshire has explained; or is it expected that the amendment, if agreed to, will in any

way reduce or alter our actions in giving assistance to India?

Mr. BRIDGES. The amendment in no way would alter the current position of our country toward India. The amendment merely would strike out the placing of India in an exalted and singular position. By means of my amendment, India would be left in the position she has had before the committee amendment was written.

Mr. FLANDERS. I am glad to hear the Senator from New Hampshire say that, because if in the course of the debate the Senator from New Hampshire were required to express sentiments regarding the assistance to India, I might find myself in some disagreement with him; and I should like to remain in agreement with him on this amendment.

Mr. BRIDGES. Let me say to the distinguished Senator from Vermont that I should like to keep the debate on a high plane. I have some personal opinions about aid to India, but I do not wish to discuss the merits of that matter. I wish to keep this debate on the question of treating India in the same way we treat other countries.

Mr. FLANDERS. Let me say that if I were going to include a paragraph with regard to India, personally I would not include this paragraph as it now stands.

At this time let me say—and for the moment I should like to have the attention of the Senator from Kentucky [Mr. COOPER], that I am in the process of establishing myself as an expert on India, for once I spent 2 weeks there, while the Senator from Kentucky was our Ambassador to India. If I had remained there for a shorter period of time, obviously I could not classify myself as an expert on India; or if I had remained there a longer period of time, again I could not classify myself as an expert on India. I think my 2 weeks' visit to India just about fulfilled the requirement. [Laughter.]

After talking with scores of people in India, my conviction was that the first 5-year plan was well conceived, well carried out, and benefited the country.

I shall not develop my objections to the second 5-year plan, in connection with which we are asked to assist India to complete successfully her current program for economic development. But fundamentally it seeks to install labor-saving processes in a labor-surplus country. That would make for disorganization and for unemployment and for disaster in India. So under no circumstances would I vote for such a proposal.

What India needs is more and better food, better clothing, better shelter, and better education for individuals.

The first 5-year plan was directed toward that objective. The second 5-year plan is directed toward industrial development—to see how many tons of steel can be manufactured there, to see how high production statistics can go. It is based directly on the program of the Soviet Government and the Red Chinese Government.

I think India got off in the wrong direction in the second 5-year plan. I may say to the Senator from New Hamp-

shire, who has graciously yielded to me, that I am strongly in favor of any assistance we can render India which makes for better food, clothing, shelter, and education for the Indian people. I am not sure that objective can be attained through the 5-year plan. In fact, I am sure it cannot be. I have an appreciation of the very great importance of India to the free world, because if India goes Communist, Asia will go Communist, and if Asia goes Communist, much of the rest of the world will go Communist. So I am very favorable to support for India, but I regret the terms in which the aid is offered.

So I have two reasons for wanting to get rid of the section. One is the reason which has been expressed, the singling out of India, in the face of the feeling of the South American countries, for instance, that they are being neglected. The second reason is that it seems to me the section does not recognize the nature of the support we can give to India which will be most helpful to the Indian people.

FINANCING OUR COMPETITIVE NATIONS

Mr. BRIDGES. I thank the distinguished Senator. I yield now to the distinguished Senator from Nevada.

Mr. MALONE. Mr. President, I read a portion of the provision. I should like to ask the distinguished Senator from New Hampshire just what other nations join the United States in providing support for India or any other nation.

Just what other nations are assisting in furnishing this mutual aid to India?

Mr. BRIDGES. So far as I know, no other nation on earth is furnishing aid to India, certainly on the basis on which we are contributing. Perhaps some nations have made loans to India, but I am not familiar with them.

Mr. MALONE. Are there any other nations furnishing aid to any country?

Mr. BRIDGES. There may be some small instances of it, but no major instances.

Mr. MALONE. That is true only when there are colonials or satellites, is it not?

Mr. BRIDGES. I do not care to say unequivocally, because there may be some instances where other nations are furnishing minute aid.

Mr. MALONE. I have been searching the record since 1947, and I have failed to find that any other nation is furnishing any substantial aid, except they control the markets of such nation.

Mr. BRIDGES. The Senator from Nevada is a very able and thorough Senator, and if he says the record so shows, I accept his findings.

INDIA WOULD BE FORCED TO SIDE WITH RUSSIA IN WAR BETWEEN SOVIET AND THE UNITED STATES

Mr. MALONE. I object to financing our competition. India is a great nation. I, too, visited India for a brief time. This is no reflection on Mr. Nehru, he regulates his own life; but my personal opinion is that he is a Communist and does not even know it. That is the way he operates. Whenever he has to make a statement, he is a neutral as between Russia and the United States. If a fight ever starts between the two

countries, he will be on Russia's side, because he will have to be.

For 5,000 years India has had tremendous natural resources. Some of her mineral resources are perhaps greater than the United States has had. The standard of living of the Indian people has not been materially changed in that length of time.

Now, however, we have taken it upon ourselves to aid the whole world, by using our money, the cash of the taxpayers of America, and by dividing the markets of the workmen and investors of America. It is our plan to bring the 500 million people of India up to our standard of living in the next few years.

Mr. BRIDGES. That is correct.

INDIA DEVELOPING IRON MINES WITH UNITED STATES AID TO CAPTURE UNITED STATES FOREIGN MARKETS

Mr. MALONE. There are also about 600 million Chinese. However, I wish now to talk about India. For some time iron mines operating in our Western States have been shipping iron ore to Japan. Recently our State Department asked for about \$50 million—to help India develop her iron mines, so India could ship iron to Japan and take that market away from the Western States of the United States of America. If India could develop her own iron mines, compete or dominate in markets formerly furnished by us that would be competition; but we are financing the downfall of our own investor's markets in that particular area.

UNITED STATES MANGANESE DEPOSITS NEGLECTED TO BOOST INDIA'S MANGANESE INDUSTRY

We are also furnishing money to develop manganese mines. Through our free-trade operations, about 810 tons of manganese come into this country each year. Large-scale mining of manganese in this country could be easily started, under the new methods of mining. There are in Minnesota 50 million tons of 10 or 15 percent manganese. If there were a fixed tariff—or "duty," as the Constitution calls it—to make up the difference between labor costs here and in India we would be in the manganese business. But instead, under our free-trade operations, we buy foreign manganese instead of producing it ourselves.

We also become dependent upon the foreign markets for a commodity which we cannot live in peace or fight a war without.

FOREIGN COMPETITION SUBSIDIZED BY UNITED STATES BILLIONS TO THROW AMERICAN WAGE-EARNERS OUT OF WORK

Latest reports show there are more than 50 million unemployed in this country. Workers are fast being thrown out of employment in the textile industry in the New England States. No crockery manufacture is left in this country of any magnitude. The machine-tool industry is going down. In fact, we in this country cannot manufacture monkey wrenches in competition with \$2 foreign labor. We give \$4 billion a year to other nations so they may build plants to compete with our domestic production.

In view of the record, I heartily agree with the Senator from New Hampshire. I think it is fine that he called attention to this paragraph in the bill.

In my own opinion, the Senate and the House have gone a long way in 24 years in dividing the substance of the American people—the cash, the blood money of the American people—with countries such as India, and in also dividing our markets, which provide a living for the people of the United States.

I shall vote for the amendment.

Mr. BRIDGES. I thank the Senator from Nevada. I believe his argument is sound and helpful.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Do I understand correctly that there is nowhere in the bill a provision against extending aid to India under the general funds available to the foreign-aid program?

Mr. BRIDGES. That is correct.

Mr. CASE of South Dakota. What the Senator is objecting to is singling out India for a special program?

Mr. BRIDGES. Yes.

Mr. CASE of South Dakota. Personally, my position on the whole foreign-aid program has been developed through the years, as the Senator from New Hampshire knows. I think I was a member of the Foreign Affairs Committee of the House when the appropriation for this program was provided.

Mr. BRIDGES. I believe that is correct.

Mr. CASE of South Dakota. My general feeling is that we should be reducing the dollar amount involved. I may differ with other Members of the Senate with respect to specific provisions, but I think the general program should be reduced in dollar amount, rather than expanded. We should work in the direction of a reduction. At the present time, in view of the uncertain state of affairs, I am not in favor of abandoning the program, or anything like that. However, I think that starting a new or special program for a particular country would be a step in the wrong direction. Such a program would be an expansion, or one leading to further complications. Therefore, I shall vote for the Senator's amendment.

Mr. BRIDGES. I thank the distinguished Senator. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. BRIDGES. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

Mr. KENNEDY. Mr. President, I shall speak briefly with respect to the amendment. It seems to me the Senator from Vermont, who interrogated the Senator from New Hampshire as to what would be the effect of striking out this language, should consider, and the Senate should consider, very carefully, what the effect of such action by the Senate would be.

The Senate Committee on Foreign Relations put this section into the bill unanimously, as I recall. The language was cosponsored originally, or at least in

part, by the Senator from Kentucky [Mr. COOPER] and myself. For good or for bad, the language is in the bill.

If this section of the bill is stricken, there can be no other interpretation than that the Senate of the United States is opposed to having the United States assist India to complete its second 5-year plan. We are not dealing with an original amendment proposed by the Senator from Kentucky and myself, which would give India such a special position. The language is in the bill. Therefore, I think the fact of striking out the provision, which would be the effect of the Senator's amendment, would be tantamount to a denial of purpose by the Senate, and it would be so interpreted. There could be no other interpretation. If the amendment of the Senator from New Hampshire were agreed to, such action would be interpreted as a denial of the interest of the United States, and as meaning that, in the judgment of the Senate of the United States, instead of it being "the sense of the Congress that it is in the interest of the United States to join with the other nations," it is "in the interest of the United States not to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India." I do not believe there could be any other interpretation of the effect of the Senator's amendment, if it were agreed to.

Mr. BRIDGES. Mr. President, will distinguished Senator yield?

Mr. KENNEDY. I yield.

Mr. BRIDGES. That is not my interpretation. The striking out of this language would mean we were playing no favorites, and that India would be in the same favorable position occupied by every other nation in the free world which we are helping. In no way would this amendment change our attitude toward India or our aid under the program. The amendment would leave every country on the same footing. I do not interpret the effect of the amendment as the distinguished Senator does.

Mr. KENNEDY. Speaking for myself, in my opinion there can be no other interpretation but the interpretation I have given it. The language is in the bill. Perhaps it was a mistake for the Committee on Foreign Relations to accept the section, but it has been accepted. I believe one must consider the decisive nature of the competition between Communist China, which has adopted the totalitarian road in dealing with many of the problems, and India, which is also dealing with many problems. There is competition for the attention, the support and the loyalty of the people of Asia, the Middle East and Africa. It is vital to the security of the United States that the second 5-year plan of India be successful.

The population of India today is approximately 400 million. That population will increase to nearly 800 million in 25 or 30 years. India faces a serious problem of increasing its productivity. While the national income may increase, a special effort must be made

to assure that the per capita income does not fall.

I believe the United States can do more than it has, particularly in the field of loans. I am especially anxious to have the language serve as a stimulation to Mr. Dillon, the State Department, and the administration, to secure the support of other countries—such as Canada, Western Germany, Japan, and others—so that those countries may also join in a concentrated effort to assist India to succeed in the second 5-year plan.

We have already seen Communist success in certain communities of India. If India should fail and if China should succeed in the next 10 or 15 years, I think there is no doubt that all Asia would regard the totalitarian system as the only means by which the problems of the people could be solved.

I know the Senator from New Hampshire is an ardent patriot. I know he is completely desirous of protecting the security of the United States. I do not have any disagreement with him in that regard. I really believe, however, we stand today much as we stood in the case of China in 1945. We must stand up to be counted. What will happen 5 or 10 years from now, if the provision is not permitted to remain in the bill, and if the word goes out that the Senate of the United States is not interested in the success of the second 5-year plan of India?

Many of us have asked "Why did we not do something about China in 1946, when we had the chance?" Ten or 15 years from now we will be asking, "Why did we not take action in 1958 to indicate the desire of the United States to be associated with India in completing this vital plan?"

Several Senators addressed the Chair.

Mr. KENNEDY. I yield first to the Senator from Kentucky.

Mr. COOPER. Mr. President, if the Senator will permit me to do so for a few moments, I should like to address myself to this subject.

Mr. KENNEDY. Does the Senator desire the floor?

Mr. COOPER. Will the Senator permit me to speak for a few minutes?

Mr. CASE of South Dakota. I desire to ask a couple of questions of the Senator, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts has yielded to the Senator from Kentucky.

Mr. KENNEDY. I shall be glad to yield to the Senator for a question.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor, and he has yielded to the Senator from Kentucky.

Mr. COOPER. I thank the Senator.

The reason why I desire to speak following the remarks of the Senator from Massachusetts is that I sponsored with the Senator, 2 or 3 months ago, the resolution which has now been incorporated in the bill.

The Senator has stated that the Committee on Foreign Relations made a choice and chose to insert the language of the resolution in the bill as a policy statement of the Congress, if the bill

should become a law. If Senators will read the language, I think they will find that it does not authorize or permit anything in terms of exact dollars or in terms of appropriations by the Congress of the United States. I will address myself to that point in a few minutes, because I do not want to mislead the Senate.

What the language does is to say, as the Senator from Massachusetts has stated, that the economic development of the Republic of India and the maintenance of democratic values and institutions in India are important to the United States of America and for the peace and stability of the world.

The language further says "it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program for economic development."

I will say to my good friend from Vermont [Mr. FLANDERS] that I do not hold myself out to be an expert on India or upon all its problems, but I did spend a short time there. I was in India 15 months. I think the Senator will agree with me I have not tried to force my views about India upon the Senate. On the other hand, I would be derelict to my responsibility, as one who has spent more time in India than anyone else in this Chamber, if I did not state what I thought were the facts about India and its relationship to Asia.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a direct question?

Mr. COOPER. May I finish, please? It will take only a few minutes.

Mr. CASE of South Dakota. The junior Senator from South Dakota has to attend a committee meeting at 2:30. If the Senator will permit, I should like to ask one question.

Mr. COOPER. I yield for a question.

Mr. CASE of South Dakota. Does the Senator contend that if the provision should not remain in the bill the International Cooperation Administration would be forbidden to continue an aid program in India?

Mr. COOPER. Not at all. There are two additional purposes of the section, which I shall try to make plain, and which I think are important. Before the Senator from South Dakota leaves the Chamber, if he will permit, I will state what I think those purposes are.

First, the Government of the United States, the executive side of the United States, has already undertaken his year a loan program with respect to India. I wish to be very frank with this body. I believe that if this resolution remains in the bill and the bill becomes a law, it will give the people of India some assurance that their policy has been well considered.

Second, it will put the Congress on record as urging the administration to join with other countries in providing support for India. These are two purposes which I think are outside the scope of the question which my good friend from South Dakota asks. If I may pro-

ceed for a few minutes, I shall tell the Senate why I believe it is important to keep this statement of policy in the bill.

As the distinguished Senator from Massachusetts [Mr. KENNEDY] has said, there is a real struggle going on in Asia today. I point out that one-third of the people of the world live in that area. We cannot force our views on all those countries. What I hope we can do—peacefully, if possible—is to hold the balance of power in that part of the world. Certainly, if it should turn against us, we would be in a very difficult position. I know, from my observation and experience, that that statement is true.

Whatever we may think about Communist China, Communist China is making great progress. There are 600 million people there. They have received massive support and aid from Soviet Russia. Independent observers who have been there report that they are making great progress.

I doubt if there is any Communist group in the world today that is as dedicated to the principles of communism as are the Communist leaders of China.

As everyone knows, they are an aggressive people. We found that out in the Korean war. They are a strong people. I have been told that they consider themselves superior to any other people on the face of the earth.

All over Southeast Asia we find what are called the overseas Chinese. In many countries such as Indonesia, Thailand, Laos, Cambodia, Vietnam, and even the Philippines, they constitute a large portion of the population. If those people ever believed that their mother country had become supreme in Asia, my own judgment is that national pride and all the other influences which bear upon a person who thinks of his country would turn many of those overseas Chinese to Communist China.

I know the doubts which have been expressed about India. I know the criticisms which are made with respect to India. I have felt many of those things in my mind and heart day after day during my service in India.

I think the Senate knows that I am not foolish. I am not carried away simply because I have been there. On the other hand, I think I have enough sense to recognize a political fact. The only other country in Asia that has any chance to stand up against the Communist country of China is India. I have great respect for Thailand. I have great respect for Laos and Cambodia. But does anyone believe they could stand up against communism?

We can see what is happening in Indonesia. India has the second largest population in the world. She has a population of 400 million. She has good resources. She has chosen voluntarily, even after colonialism, the institution of the mother country of many of us in this Chamber, Great Britain.

India has a parliamentary system, and she follows it. India has free ports. I went into her courts and heard quoted decisions of the Supreme Court of the United States.

I can say to Senators that there is freedom of speech and of the press in India. Can we make the same statement about every country that we help? I am not asking that we deprive any of those countries of help, because we help them in behalf of our own national interest. I believe that the resolution incorporated in the bill is for our own national interest. Following the collapse of China, with its 600 million people, if India, with 400 million people, goes down, what will happen in Asia?

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. CARLSON. If the Senator will yield for a moment or two, let me say that, like the distinguished Senator from Vermont [Mr. FLANDERS], I can call myself a specialist on India. I spent 5 days there last fall. I understand the Senator from Vermont was there for 2 weeks.

I believe that if any error has been made in the manner in which this subject is being handled on the floor of the Senate today, it is the fact that the resolution was written into the bill as it came from the Committee on Foreign Relations. But I think it would be a sad mistake if the Senate should now vote to strike it out. As the distinguished Senator from Massachusetts stated, I think such action would be misunderstood everywhere. It would be interpreted as a direct statement on the part of the Senate that we not only wish to discontinue our aid to India, but that we are trying to discourage it. I therefore sincerely hope that this provision will not be stricken from the bill.

As I have said, I had the privilege of visiting in India for 5 days. The statement made by the distinguished Senator from Kentucky, who spent many months there, absolutely represents the situation in India as I found it.

I am convinced that the future of the Far East will be determined by what happens in India. We are greatly interested in other countries, but let us not do anything at this time to discourage the Indian people. Therefore, while I would have liked very much to have the position of the Senator from New Hampshire prevail originally, I hope at this stage we shall not take any action which would discourage those people.

Mr. COOPER. Mr. President, if I may continue for 3 or 4 minutes, I shall then be glad to yield.

As I have said, I am not trying to mislead the Senate. I do not know, and no one else knows, whether India will remain democratic. None of us can make any reliable predictions on that subject. I think I know what would happen if it did not remain a free country. I do know that its opportunity to remain a free and independent country depends in large measure upon its ability to advance the living standard of its people.

Briefly in response to my good friend from New Hampshire [Mr. BRIDGES], he stated a few minutes ago that he did not believe India should undertake an economic development plan. One trouble with the attitude of many countries in the world is that they think we want to

hold them in a kind of colonial position, as the producers of raw products, and that no country except the western democracies can become an industrial country.

The great urge of all the free and independent countries in Asia—and it is true of Africa, I assume, and also of Latin America—is to advance the living standards of their people and to achieve some position of equality in the world, which they feel has been denied to them. About the 5-year plan of India I know it is a reasonable plan. Its purpose is, first, to create the basic industries with which to secure the steel and power and other products, whereby subsidiary industries can be built in their own country; second, it is to provide employment, eventually, for a part of the teeming masses of India; and, third, of course, it is the only way in the long run that India can hope to raise the living standards of her people.

Mr. THYE. Mr. President, will the Senator yield?

Mr. COOPER. With one more word, I shall close. I do so on this note. I remember in 1947 and 1948, when I was a Member of the Senate previously, we debated in those 2 years the Marshall plan. When we were debating it there was always a note of sorrow about the fate of China. There are many Members of the Senate today who believe that if the United States had taken stronger measures, China might not have turned toward the Communist world. I do not know whether that is true. I say I wish we had tried, at least. It will always be on our consciences that we perhaps did not try hard enough. Twelve years have passed. In my judgment—and I hope it is not a correct judgment—China may be irrevocably lost, or at least lost for many years. That loss has brought us into the greatest danger with which we have ever been confronted in our history.

Here is a chance to take note of the situation before the worst has happened. Shall we always wait until the worst has happened, until we are in a time of crisis, and then try to save a country; or shall we have the foresight and the imagination and the purpose to look at a critical situation, one which might well affect a great area of the world and the millions of people who live in it, and say that we are going to take note of it, are going to try to do something about it, and that we will try to prevent another tragedy from happening in the world?

I say to the Senate that the only reason I submitted the amendment, with the Senator from Massachusetts, and the only reason I spoke for it on the floor today is the self-interest of the United States.

I liked the people of India when I was there. I think much more highly of them than some other Senators do. I would be dishonest if I did not answer a statement which was made a few minutes ago, when someone whispered that Nehru is a Communist. I say to the Senate, with all the ardor and honesty which I have, that that is not true. He is an Indian. If he will not be dominated by us, I do not believe he will be dominated

by Russia. However, I speak here in the interest of my own country. I have not tried to make a fetish of India, or to make it my cause in the Senate. My first duty is to my country. I believe, however, that, having had the opportunity in India for a few months to see some of these problems developing there, if I did not give my opinion, I would not be faithful to my duty and I would not be faithful to my country. I say to the Members of the Senate that that is the sole purpose for which I submitted the amendment in committee and for which I support it now. I hope the Senate will not strike it out.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. FLANDERS. It is a common saying that speeches on the Senate floor change no votes. This is one of those exceptions, so far as I am concerned. I regret that the amendment is in the bill. I regret the apparent commitment, in the wording of the amendment, to some elements of the 5-year plan which I believe will be not helpful, but disastrous. However, after listening to the Senator from Kentucky, I have become convinced that it would be a greater error to delete the amendment than it was to put it in. So I say the Senator has changed one vote.

Mr. COOPER. I thank the Senator.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. SMITH of New Jersey. I wish to say merely a word or two to congratulate the Senator from Kentucky on the fine presentation he has made. I should like to ask him a question. Am I correct in believing, based on my travels in the Indian area and throughout the Far East, that what that part of the world is seeking is freedom, independence, and self-determination?

Mr. COOPER. That is correct.

Mr. SMITH of New Jersey. That is the urge of those people?

Mr. COOPER. It is.

Mr. SMITH of New Jersey. Am I correct in asking Senators to look at the world map and see where India is, and in suggesting that India is in a strategically dangerous position because of where she is located? Is that correct?

Mr. COOPER. It is certainly correct. She straddles the communications lines between the East and West. She dominates that part of the world geographically.

Mr. SMITH of New Jersey. Am I correct in suggesting that on her boundaries are, on the one side, Communist China, and, on the other side, Soviet Russia?

Mr. COOPER. Yes.

Mr. SMITH of New Jersey. Am I correct in saying that, considering that situation, the criticism of India for being neutral is unjustified? Am I correct about that?

Mr. COOPER. India calls itself unaligned. To our viewpoint, that is being neutral in the cold war between the United States and Russia. India has many reasons for her position. I wish that India were in stronger alignment with the western countries. On the other

hand, I do not believe that she is under the domination of Soviet Russia. Many people in our country and some in Congress do not like India because it will not kow-tow to us. That may be the rock upon which the Soviet challenge in Asia will break—India's desire to be independent.

Mr. SMITH of New Jersey. Am I correct in pointing out that Red China is in the process of being industrialized as fast as it can be with the help of Soviet Russia?

Mr. COOPER. That is correct.

Mr. SMITH of New Jersey. And, by means of the totalitarian system. India, however, is also desirous of getting industry so that she can become self-supporting. Is that correct?

Mr. COOPER. That is correct.

Mr. SMITH of New Jersey. We are engaging in testing the democratic process of industrialization as against the Russian totalitarian system, and we are entitled at least to say that we are interested in the experiment India is making at this time.

Mr. COOPER. I think so.

Mr. THYE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. THYE. I have voted in full support of technical assistance to any nation to whom we have rendered technical assistance. I have voted at all times for mutual security. I believe it to be the salvation of the free world to help underprivileged countries. I have been in India. I feel very strongly that India must have assistance, and that if we do not render it she will take technical assistance from Russia, or possibly China in the future. Therefore I shall vote for the technical assistance program and I shall vote for mutual security.

We are not endeavoring to change 1 penny in the bill. The question that disturbs me is that we should write into the bill a specific nation and remain silent with respect to the countries in South America, for example, and remain silent with respect to some of the other important nations of the world. It is that question which disturbs me. I believe it was a mistake to write India into the bill by name.

The colloquy on the floor will be misunderstood and misinterpreted. That will be unfortunate, so far as it may lend itself to being a propaganda instrument for the Russians or the Soviet bloc.

Therefore, I say again that I think the writing of the name of a single nation into this section was a mistake. I shall vote to strike it, so that such mistakes will not be compounded in the future. But I shall vote for every dime which is contained in the authorization for mutual assistance, technical assistance, and such programs as will advance India and India's opportunities in future years.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. JAVITS. I rise to answer only one point. Incidentally, I think the Senator from Kentucky is altogether too modest about his willingness to share with us his great experience in India. I,

like other Senators, have been to India. I got off the plane with the Senator from Kentucky when he and his wife first arrived there. They were greeted with the greatest of enthusiasm and attention. JOHN COOPER is very highly regarded in India by millions of people who often do not know of the American ambassador. I think it is all to the good that the Senator from Kentucky was able to be in India, and is now in the Senate, willing to share his experience with us.

I appreciate the comment of the Senator from Kentucky upon the question why India was named in the bill. I think there is a very good reason which has not been discussed yet. The reason is that India has a 5-year plan. The South American countries do not.

One Congress cannot control another Congress; but one Congress can, by expressing its great moral sympathy with another state, give a clear indication of such sympathetic backing of what that other state is trying to do, so as to make a record for the Congresses which will follow.

That was done in the Marshall plan. Any of us who have had experience in these matters are under a duty to share it with others in the body in which we serve. I was a member of the House Committee on Foreign Affairs when the Marshall plan was drafted. We faced exactly the same problem. What should we do in order to guarantee 4 years of support, when one Congress cannot bind another? We cannot do anything. We cannot make a guaranty; we cannot make such a provision in a bill. But we can express a sympathetic understanding of what another nation is facing. We can let that nation feel that the United States, through its Congress, expresses its sympathetic understanding, and that there is every likelihood that if things continue on pretty much an even keel, they will continue to get the backing of this great Nation. The reason we refer to India is because this is right now where we are being asked for the answer due to India's serious financial problem.

Congress wrote exactly that kind of provision into the original Marshall plan legislation, as anyone can see who will read the original appropriation section which, together with Representative VORVYs and other Members of the House, I had the honor to help in drafting.

I think the Senator from New Hampshire [Mr. BRIDGES], who is one of our most distinguished Senators and for whom I have great personal affection has done a great service in asking for the yeas and nays on this amendment. This proposal should have been considered separately as a resolution. But we will vote yea or nay, and we will do a great service if we carry the day for this particular provision as it stands in the bill, because the United States Senate will be saying to the people of India, "We understand you have a 5-year plan. We cannot give you a guaranty that you will be backed up on this plan year by year, the next Congress may not do so. But, at least, you will have the knowledge that we think you are on the right track about it."

Mr. President, we are not living in a vacuum. We are confronted with burn-

ing competition by the Soviet Union. The Soviet Union is doing a terrific job in Communist China, not in terms of \$225 million, but in terms of 2 and 3 times that. The Soviet Union has much less production than we have, but everyone is watching across that border between India and Communist China. Are we adult enough and wise enough to meet competition when we see it? Or shall we let ourselves be led away by other considerations which are not germane to the burning issue of survival?

I am glad the Senator from Kentucky has taken the time of the Senate to give us the benefit of his experience and to share with us his knowledge. I share with him his substantive reason for including in the bill the provision referring to India.

Mr. ERVIN. Mr. President, the incorporation of this statement in the bill by the Committee on Foreign Relations was a serious mistake. I think it was a serious mistake from the standpoint of foreign policy. It proposes, in substance, that Congress make a pledge to one nation. But when we make a pledge of assistance to one nation, other nations will rise up and ask, "Why does the United States abstain from making a like pledge for our benefit?"

If we are to make a pledge to India, why not make a pledge to Iran, Iraq, Venezuela, Argentina, or others of the multitude of other nations on the face of the earth? The pledge to India will arouse antagonism against the United States by other nations.

We have seen in the reaction to the visit of the Vice President of the United States to South America some of the antagonism which the United States builds up for itself by acting in such a manner as to lead some of the nations outside the Iron Curtain to believe that the United States is partial to other nations rather than to them. So from the standpoint of foreign policy alone, this provision should not have been included in the bill.

Then, I think the provision is unfortunate because, in effect, it is contrary to the spirit, if not the letter, of at least two provisions of the Constitution of the United States. Article I, section 1, of the Constitution provides as follows:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Regardless of the intent of those proposing it, the pledge is certainly calculated to tie the hands of Congress for at least 5 years in the future. If the pledge is not stricken from the mutual-security bill, it will be asserted in Congress during next year and the following 4 years that we have already made the promise that we will continue to assist one nation at the expense of the American taxpayers, regardless of the condition or wishes of the American taxpayers or their representatives in Congress during those years.

The provision is clearly calculated to tie the hands of Congress for 5 years, in the face of the fact that article I, section 1 of the Constitution contemplates that every Congress shall have free and full legislative powers, and shall not be im-

peded in their exercise by previous Congresses.

Furthermore, Mr. President, the inclusion of this pledge is, in effect, a violation of the spirit, if not the letter, of section 2 of article II of the Constitution, which provides that the President "shall have power, by and with the advice and consent of the Senate, to make treaties."

Mr. President, if this pledge to India is incorporated in the Mutual Security Act, it will be construed by the people of India and by the Government of India as an agreement between the United States and India. Actual or apparent agreements between the United States and other countries should not be made by any kind of back-door method.

If it is advisable to make an agreement with India to endure for 5 years or any other period, the agreement should be reduced to the form of a treaty, and be ratified by the Senate, after being negotiated by the President. By so doing, we shall observe both the spirit and the letter of our Constitution.

Let me summarize. First, from the standpoint of our dealings with other nations, this proposed pledge is unwise, in that it goes to only one nation, and ignores all other nations which may stand with the free world or which may be neutral in the cold war between the free world and the Soviet bloc. For that reason, this provision should be eliminated.

It should also be eliminated because it is calculated, if not intended, to tie the hands of future Congresses.

It should also be stricken out as a colorable attempt on the part of the legislative branch of the Federal Government to make an agreement with a foreign nation. To be sure, I recognize that, legally, it would not be an agreement with a foreign nation; but it would be construed by that nation as being an agreement with it, and in that way it would be a back-door entrance to an agreement with a foreign nation, in violation of article II, section 2, of the Constitution.

Mr. JENNER. Mr. President, will the Senator from North Carolina yield to me?

Mr. ERVIN. I yield.

Mr. JENNER. I wish to congratulate the Senator from North Carolina on the points he has made in regard to the Constitution. Certainly this provision would be looked upon by the people of India, and certainly it would be represented by our State Department to future Congresses, as a moral commitment.

Why establish a precedent, as was suggested last night in connection with the amendment of the Senator from Massachusetts [Mr. KENNEDY].

Furthermore, I have not heard any Senator mention one of the countries that has proven vitally effective as our friend and has stood with us while the going was rough. While India has taken a position of neutralism, Pakistan has stood with us. Although the circumstances which apply to India are similar to those which apply to Pakistan, this provision refers only to India.

The Senator from New Jersey referred to India as being close to Pakistan and on the "underbelly" of Russia. But I

point out that so is Pakistan. The friction between India and Pakistan has been terrific, and those countries are engaged in an international dispute which has been going on for years. That dispute involves Kashmir, and may result at any moment in a declaration of war between those two countries.

What do Senators think our true friends in Pakistan—who have stood with us in the United Nations, while India has taken the other side—would think if the United States were to say that India, Pakistan's neighbor, India, which has murdered great numbers of the people of Pakistan, so many that the valleys ran red with blood, was now to be singled out by the United States for favorable treatment of this sort. Are Senators no longer able to reason? What would be the position of Pakistan if this provision were to remain in the bill?

I am glad the debate has been on a high level. If Senators wish to discuss the facts, we shall discuss them, too.

Mr. President, I thank the Senator from North Carolina for the position he has taken.

Mr. ERVIN. I thank the Senator from Indiana.

Mr. President, Pakistan is one of the nations I have in mind when I say that this provision is more likely to lose us friends, rather than to win us friends. Pakistan might well ask why Congress is not sufficiently interested in her welfare to make such a pledge to her.

Mr. AIKEN. Mr. President, I am sure the Members of the Senate will be interested in what occurs in India as well as in what occurs in other countries that are struggling to establish within their borders a democratic form of government.

We are particularly concerned with India because of the 382 million people who live there, and because, as has been pointed out, of the strategic location of India, which lies between China and Russia. Certainly, if India should go into the Soviet orbit, she would inevitably be followed there by many of the other countries of Asia, many of which also have very large populations.

I would much prefer that this provision not be included in the bill as it is written. As the Senator from North Carolina has pointed out, it would not stand as a firm commitment to India, even though probably it would be interpreted by many of the people of India, as well as by the people of other countries, as being a firm commitment to India.

So I would have preferred not to have had this provision as it is written included in the bill, because conceivably it could give offense to many other countries which are not mentioned; and I do not believe we should mention only one country by name, when we are trying to help all the countries that are undertaking to establish democratic forms of government.

However, the provision has now been included; and I do not believe it should be deleted today. It can be considered in the conference, where it will be wide

open to change or modification, inasmuch as the House version of the bill does not contain a comparable provision. When the provision goes to conference, it can be rewritten in such a way as to convey our moral support of India and other countries, without giving offense to others. The provision can also be rewritten in such a way as not to carry an implied commitment to help with the India 5-year plan or any other plan. Such a commitment should not be implied, because we know we cannot commit ourselves for more than 2 years at a time.

But it would be a mistake to delete the provision at this time, for its deletion in itself would be misinterpreted by the people for whom we are, by this means, expressing moral support.

I do not believe we are now in a particularly bad spot in regard to this matter, because when the provision goes to conference—where it will go, and where the field will be wide open—the conferees will be able to develop language to convey our moral support to the people of countries that are seeking to set up democratic governments, without offending others, as I fear the amendment in its present form might do.

FIVE-YEAR UNITED STATES PLAN TO DESTROY OUR ECONOMY AS CONTRASTED WITH INDIA-RUSSIA 5-YEAR PLAN

Mr. MALONE. Mr. President, with further reference to India's 5-year plan I rise to remind the Senate that the United States has a 5-year plan, recommended by the President, which will come before the Senate in due time and be debated on the floor of the Senate.

Our 5-year plan differs somewhat, it is true, from India's 5-year plan, in that the bill which now is in the House of Representatives, and will be debated and voted on there next week, provides that there shall be extended for 5 years an act under which a complete division of the markets of the United States with the nations of Europe and Asia has proceeded for the past 24 years. The purpose of the bill extending this free trade, is not to build or to improve the United States; instead, it is to destroy the United States through division of our markets.

INDIA RUINED BY COLONIAL FREE TRADE—NEW PROTECTIVE SYSTEM WILL STRENGTHEN HER MORE THAN UNITED STATES AID BILLIONS

Mr. President, India's 5-year plan is to build India's economy, and I heartily approve of it. Our 5-year plan is to divide our economy. In fact, India should have had that 5-year plan many years ago. After all, India is 5,000 years old, and has tremendous resources. But, during the century and a half she was the colonial pawn of European powers and forced to accept free trade, these resources lay stagnant and the standard of living of the people of India deteriorated until she is now one of the most poverty stricken nations in the world. She is now trying to regain her economic feet. She has adopted a strongly protective tariff and I am sure that will expedite her recovery more than all the millions or billions we could give her.

As a matter of record we are the only nation in the world bent upon dividing our markets and the taxpayers cash with the nations of the world. We are the only "free trade" nation. Every other nation is bending every effort to get a piece of our market while protecting their own with tariffs, quotas, import and exchange permits, and most of them manipulate the value of their money in terms of the dollar for trade advantage to complete the job.

UNITED STATES 5-YEAR PLAN WOULD DIVIDE HOME MARKET WITH WORLD IN CONTRAST TO THAT OF RUSSIA

Russia has a 5-year plan, but it is not a plan for the division of Russian markets. Ours is a plan for the division of our markets with the 36 nations of Asia and Europe, which include India; and the representatives of those nations sit in Geneva with the right to continue to lower the tariffs or duties on our products.

At the same time they lower some of theirs, but the gimmick is that in the General Agreement on Tariffs and Trade there is a provision that no nation has to keep its part of the trade agreement so long as it can prove it is short of dollar balance payments. All the countries will be able to prove that they are short of dollar balances until our wealth and markets are divided equally among them and we are all living alike.

UNCONSTITUTIONAL POWER OF PRESIDENT TO FIX TARIFFS WOULD BE EXTENDED UNDER PENDING UNITED STATES 5-YEAR PLAN

Under the pending 5-year United States plan, there would be an extension of the 1934 transfer to the President of the constitutional responsibility of Congress to fix the duties, imposts, and excises, which we call tariffs, and will allow the President to continue further to lower or reduce tariffs.

For 150 years after the Constitution was adopted, Congress determined the tariffs and these tariffs were imposed to equal the difference between the standards of living in this country and in competing countries. When Congress abdicated its authority over the Nation's economy in 1934 to the President that principle was discontinued and another substituted. Mr. Dulles, Secretary of State, has testified before the Finance Committee, under my questioning, that the President can trade a part or all of any industry to a foreign nation if he believes it will further his foreign policy.

FIVE-YEAR PLANS OF OTHER NATIONS IS TO BUILD THEMSELVES UP—OURS TO TEAR US DOWN

That is the objective of our 5-year plan. The 5-year plans of other nations are to build up those nations. We all have our 5-year plans. Ours is to destroy the United States of America and increase the number on the unemployment rolls.

Mr. President, the form of government practiced in India is a socialistic form of government. In preface, I point out there is absolutely no difference in the final objectives of a Socialist government, a Fascist government, and a Communist government. The common objective is government control of everything

and the individual owning nothing. That is true in India.

COMMUNISTS AND SOCIALISTS USE DIFFERENT METHODS TO ACHIEVE SAME OBJECTIVE

I have a definition for the difference between a Communist and a Socialist. A Communist is one who will shoot you to bring about his form of government. A Socialist is one who would have his government spend itself into socialism. That is what we are doing in the United States of America today.

I have the greatest regard for my colleague, Mr. COOPER, from Kentucky. While I was off the floor I understand he made a remark that what I said about the government of India was untrue—that is, I said that Nehru is a Communist and does not even know it. Nehru's objectives are government control—such is far from our objectives. We talk about a democratic form of government.

WE HAVE A REPUBLICAN FORM OF GOVERNMENT AND IT IS SO STATED IN THE CONSTITUTION, ARTICLE IV SECTION 4

I want to remind you, Mr. President, we do not have a democratic form of government; according to the Constitution we have a republican representative form of government. Today we evade the Constitution of the United States. Of course, that is an obsolete document, according to most of our liberals. There is no question that what the Senate is about to do today is unconstitutional—that is, take the blood money of the taxpayers of the United States of America and distribute it widely all over the world to build competing processing plants and mines.

CONSTITUTION SPECIFICALLY SEPARATED POWERS BETWEEN LEGISLATIVE AND EXECUTIVE BRANCHES

There is no question that Congress evades the Constitution of the United States when it transfers its responsibility to regulate foreign trade under article I, section 8, to the President of the United States. We might as well transfer to the Congress the President's authority and his responsibility to make treaties, and to fix the foreign policy. The Constitution, in setting up the separation of powers, pointedly reserves the regulation of foreign trade and the adjustment of duties, imposts, and excises to the legislative branch, and states that the executive branch shall make the foreign policy. The Constitution does not say "may be"; it says the Congress "shall" regulate foreign trade, in article I, section 8. Article II, section 2, provides that the executive branch "shall" fix the foreign policy.

What does the Congress do? In 1934 Congress tied the two functions together in the executive branch, when they had been pointedly separated in the Constitution written by George Washington, Benjamin Franklin, and the other Founding Fathers of our country who for 50 years had been pushed around by dictators, queens, and kings. These patriots were adamant in determining to provide that in this country that should never happen to Americans again.

In 1934 the Congress of the United States combined the two functions in the 1934 Trade Agreements Act. If the proposal to extend that act comes to the

Senate, the Senate will have to debate it at considerable length.

I hope the proposal will not come before the Senate. I hope that the House returns it to the Ways and Means Committee in the House and it will never come before this body. But if the proposal does come to the Senate, we will have to debate whether or not the authority to regulate foreign trade and the national economy of this country shall or shall not be left to the elected representatives of Congress, or whether the 24-year plan—started in 1934—shall be continued for another 5 years; our 5-year plan to divide the markets of this Nation among the low-wage nations of the world.

STATE DEPARTMENT COMMITS THE UNITED STATES

Mr. President, it seems we always have commitments. We are afraid a certain nation will not like us unless we are willing to divide with them the money of the taxpayers of the United States, and the American markets. We are afraid such a country will think we are opposed to it unless we divide our hard earned cash and markets with them. It is blackmail.

I remember 1948, 1949, and 1950. It was not the start of the giveaway, but it was the first bold attempt, which was successful, to continue to divide our markets and cash with the nations of the world in peacetime.

NINETY PERCENT OF PEOPLE OPPOSE DIVISION OF THEIR WEALTH WITH FOREIGN NATIONS, SENATOR IS CONVINCED

Mr. President, I believe 90 percent of the American people are opposed to the division of their wealth and markets with the nations of the world, which will put them on the streets and destroy American industry and business; but, there is a sound barrier on the Potomac River. No public sentiment breaks the sound barrier. If anyone stays here 60 or 90 days, he thinks that what is said in Washington represents public sentiment. When this session is over and we go home, I fear that they will be introduced to the real public sentiment.

The worldwide giveaway program which we all are now being asked to continue was first called the Marshall plan. That name was dropped not long after it began its operations and since then it has been carried on under 3 or 4 different names. The name of the plan was changed every year, just to hide from the public what was being done. The public does not know what is being done, and, of course, Congress does not know what is being done with the money, because the officials in charge of spending it will not tell.

Always prior to the appropriation each year the State Department promised \$50 million here, \$150 million someplace else, and finally the total amounted to about \$4 billion per year for 5 years. The argument was made in 1948, 1949, and 1950, that it would show bad faith on the part of the Congress if it did not make the appropriation in accordance with those commitments; that it would be bad faith on the part of the Congress of the United States if it failed to keep those State Department promises and any future prom-

ises its one-worlders might choose to make.

SENATOR IN 1947 WARNED GIVEAWAY PLAN ONCE STARTED WOULD BE MADE PERPETUAL

In 1947 I said on the floor of the Senate that if we started a division of the wealth of the taxpayers of the United States, it would become permanent.

INTERNATIONAL SOCIALISM

In 1957 Mr. Dulles testified before the Finance Committee, under my questioning, that the division of our wealth must become permanent. That is what he said. Mr. President, this is international socialism at its worst.

I do not blame India or any other country if it wants a Fascist government or a Socialist government; but we are joining in an international Socialist government whereby there will be a permanent annual division of the wealth and moneys of the United States of America with the nations of the world. The United States has everything in the pot. The foreign nations nothing. The provision in General Agreement on Tariffs and Trade that other countries do not have to keep their part of the agreement as long as they are short of dollar balances, exempts them entirely since they will be short of dollar balance until we have divided our wealth and our markets evenly among them.

WEALTH OF UNITED STATES BEING DIVIDED BY 37-NATION GATT

We are 1 member of the 37 nations belonging to GATT.

When our markets and wealth is divided equally among them, we shall be living as they are, instead of as the dogooders say, having them live as we do.

There are 2½ billion people in the world, and the division of the wealth of 170 million people is not going to raise the average very much; but it will destroy our workingmen's jobs and our investors' investments.

The wealth we have is hard work. Nations, some of which have more natural resources than we have, have never changed their standard of living in 2,000 years of recorded history.

We sent \$70 billion—and this appropriation will make it about \$75 billion since World War II—to foreign nations to buy the goods which are in surplus from American factories and to build up dollar balances ahead for which they can demand our gold.

The American system for a century and a half was to equalize the wages and costs of doing business with a duty or tariff—and conduct profitable trade. Under that system Americans competed for American markets on an even basis with foreign countries.

I hear a lot of talk that the 1934 Trade Agreements Act must be extended in some manner, by simply amending it. We cannot satisfactorily amend something that is against the Constitution of the United States. The power at present—an unconstitutional power—under the 1934 Trade Agreements Act still remains in the hands of the Executive and in the hands of the 36 foreign competitive nations in Geneva, if the Trade Act is extended.

EXPIRATION OF TRADE ACT WOULD PUT NATION BACK ON THE ROAD TO INDEPENDENCE AND RECOVERY

What we can do is let the law expire on the 30th of this month. When it expires 2 months' notice to the nations a party to the multilateral trade agreement and 6 months' notice to the nations a party to the bilateral trade agreement, made by the State Department, and all products revert to the Tariff Commission, an agent of Congress. The Tariff Commission will then adjust the duty or tariff on each product in accordance with section 336 of the 1930 tariff law.

That act says in exact language that the Tariff Commission shall investigate the difference in cost of producing an article in this country as compared to the cost of producing that or a like article in the chief competing foreign nation, and recommend the difference as the tariff.

The Tariff Commission could do that every day, every year, or every 5 years—adjust the tariff so that it represents the difference between the effective wages and the costs of doing business here and in the chief competing nation with respect to each product.

When those people had raised their living standard to a height the same as such nations raise their living standards the duty or tariff would be reduced accordingly—and when they are living on our approximate living standard we would automatically have free trade. Everybody is in favor of free trade on that basis.

PURPOSE OF FOREIGN AID IS TO FINANCE CHEAP LABOR FOREIGN COMPETITION

What is proposed we do by this pending foreign-aid bill? It is proposed that we continue to build competitive plants and mines in foreign countries, using cheap labor to operate them, so that these countries may send their cheap labor products to America under our virtual "free trade." The difference represents the profit.

We have 6 million unemployed, and have not yet realized why. I will venture a commitment now that by election time the Members of the Senate and House will know why we have them.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

Mr. DIRKSEN. Mr. President—

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DIRKSEN. I offer an amendment to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES], and I ask that it be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 34, line 1, it is proposed to insert the following:

SEC. 2. Section 2 of the Mutual Security Act of 1954 is amended by striking the period at the end of paragraph (c) thereof and adding the following: "and in their efforts to complete their programs of economic development."

Mr. DIRKSEN. Mr. President, I should like to direct my attention very particularly to my distinguished friend from Kentucky [Mr. COOPER].

If any damage ensues from the discussion on the Senate floor this afternoon, and if there are any reverberations in India, that damage has been done already. I can say that some of the debate will be headlined in the latest editions of the newspapers in Calcutta, Bombay, and elsewhere in India.

I recall, when I was in India last, I had introduced a bill in the House of Representatives to give India a quota of 100 under the Immigration Act. Before I reached India, that fact had been headlined, and it was reheadlined during the time I was in India in the various areas conferring with the people.

If there is any disposition to believe some damage has been done—and it may have been done—I think it ought to be repaired.

What we are trying to do is to make a declaration of policy, but not to single out any one country, which might invoke hostility on the part of some other country.

When we wrote the Mutual Security Act of 1954, the introductory statement and declaration of policy were so broad that I thought they were adequate for nearly every purpose I could think of. Section 2, which is proposed to be amended, provides that the Congress of the United States, recognizing certain things, "declares it to be the policy of the United States to continue, as long as such danger to the peace of the world and to the security of the United States persists, to make available to free nations and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable, compatible with its own stability, strength, and other obligations, and may be needed and effectively used by such free nations and peoples to help them maintain their freedom."

That was sufficient. I know of no reason why the introductory declaration of policy should ever have to be amended, but if there is some disposition to believe there was no accent on economic development, of course that matter can be written into the policy. Therefore, the amendment I have suggested to the Bridges amendment simply strikes out the the reference to India and the language of the Bridges amendment and amends the original policy statement in the Mutual Security Act of 1954 by adding the words, "and in their efforts to complete their programs of economic development."

That language singles out no country. It puts the accent, I think, where it belongs. It preserves the hedge; namely, that our action can be only within the limitations of our resources, and, secondly, that there is not not an open commitment.

I think we would be in a distressing position if, sometime between the completion of our work on this bill and before we get around to making appropriations to implement it, we should decide that while we might be asked for a given

amount we did not feel we could appropriate that amount. In that situation we would incur some real hostility. The Appropriations Committee, after long hearings, with testimony from military and economic experts, may decide that an amount adequate to implement a program is, in its judgment, much smaller than the estimate of the recipient country. In that event the real headache will begin.

I hope we can in part ameliorate the damage by accepting the Bridges amendment and adding the language suggested by me, which I think is sufficient, in addition to the policy statement under which we have operated since the Mutual Security Act of 1954 was enacted.

I earnestly hope the Senator from New Hampshire will accept the language I have proposed, because in my opinion it is adequate. It includes all countries. It protects our own resources. It brings about a proper gearing between the legislative function and the appropriations function. It puts the emphasis on whatever current economic programs may be underway.

Mr. BRIDGES. I would accept the amendment. I am trying to keep our action on a level which apparently has not penetrated in some places. I want to keep it on a high level.

I do not want to slap the face of any of the 65 free nations of the world which think it is important, even if some people do not think so.

I do not want to slap any South American country in the face, nor do I want any country to feel slighted. We can continue to pour out aid to India, as we have in the past.

I have available about 20 pages of insults which India has offered to our country, which I could recite, but that would simply stir up more trouble and animosity. I have kept still about that.

I have a list of all the financial help which has been given—all the loans and all the grants—which amount to a sum large enough to buy several of the States of the Union. I have been trying to keep all those things to one side, so that there would be no showing of discrimination against any country. I think the Senator from Illinois has made a very notable contribution to the amendment, and I am happy to accept his suggestion. I think he has rendered a great public service.

Mr. DIRKSEN. I am grateful to my friend from New Hampshire.

Let me add that yesterday there were before the Senate 5 amendments which particularized and pointed out 5 specific countries. I thought that would be an unwise course. I thought it was entirely imprudent for the Senate to finger a certain country and make it the object of the discipline of this Government. I am glad the Senate subscribed to that view.

To be logical, I think the Senate should accept the amendment as proposed to be amended, because it would preserve the whole area of economic assistance within the limits of our resources, and yet it would not single out one country, with the result of inviting the hostility of neighboring countries.

Mr. MALONE. Mr. President, I think the Senator from Illinois has touched a

very vital chord. The Western Hemisphere is our sphere of influence. The Western Hemisphere has one-third of the land area of the world, and 350 million people, with room for one billion, without crowding anyone. But we are reaching out into Asia and Europe, and trying to control the markets of the world, while losing the markets in South America.

There are no more Communists in South America than there are in some of our towns in the United States. I have been there. I believe my distinguished friend from Illinois has been there. They are wonderful people. They are progressing as fast as they can.

It is not necessary to divide our wealth with them. The need is to see that other people let them alone. Let us get back to the Monroe doctrine and spread it out into the Pacific and the Atlantic, if necessary. In the words of General LeMay and General Twining, if any nation comes into that sphere to establish its form of government, politically, economically, or militarily, it will disturb our peace and security. We should simply say that if any nation does so, we will destroy its war-making capacity at home. Then there will not be a war for 50 years. But we cannot run the world. Two nations have tried it, and there are only a few paragraphs in history with regard to them. We are entering the greatest trade war for all time. For 2,000 years there have been trade wars. We had better begin to gage our own strength before 20 million people are thrown out on the street because of the 5-year extension of the 24-year plan.

Mr. DIRKSEN. Mr. President, before I resume my seat I should like to read all of subparagraph (3) of section 2 as it would be amended by my amendment. The last subparagraph of section 2 of the Mutual Security Act of 1954 would read as follows:

It is the sense of the Congress that assistance under this act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibility for self-government and independence, and in their efforts to complete their programs of economic development.

Mr. MORTON. Mr. President, I do not rise to comment upon either the amendment of the Senator from New Hampshire or the suggestion offered by the Senator from Illinois. However, I do feel constrained to comment in some way on this debate. I shall do so in two sentences.

In the 19th century there was a group of poets, artists, and whatnot, called the Pre-Raphaelites. One of them was a man named William Morris. He came forth with a line which I think might be pertinent to the subject we are discussing. It was:

The idle singer of an empty day.

I think that has something to do with this debate.

The only other thing I wish to say is that I am very proud today to be a Kentuckian.

Mr. COOPER. Mr. President, I should like to thank my old and dear friend

and colleague. I should like to ask the distinguished Senator from Illinois what the effect of his amendment would be. As I understand, the amendment of the Senator from New Hampshire is to strike section 2.

The effect, then, of the amendment of the Senator from Illinois would be to substitute his amendment for section 2 (d). I understand that the purpose of the amendment of the Senator from New Hampshire is to strike section 2. The amendment of the Senator from Illinois would be a substitute for section 2 (d), would it not?

Mr. DIRKSEN. No. The Senator from New Hampshire has other provisions in his amendment, striking out certain other sections and subsections. My amendment would do nothing more than add one sentence at the end of section 2 (c) of the Mutual Security Act of 1954.

Mr. COOPER. What would be the effect of the amendment of the Senator from Illinois? Would it be to strike section 2 (d) from the pending bill?

Mr. DIRKSEN. Yes. The language of the committee would be stricken, and the suggested language would be substituted for section 2 of the 1954 act.

Mr. COOPER. Then, as I understand, the effect would be the same as that of the amendment of the distinguished Senator from New Hampshire.

Mr. DIRKSEN. Definitely so. It would strike the committee language.

Mr. COOPER. Mr. President, I am not a member of the Foreign Relations Committee. I wish some member of the committee were present. The Foreign Relations Committee wrote this language into the bill, and some member of the committee ought to be present to take a position upon it.

Inasmuch as no member of the committee is present, because I offered the original resolution together with the distinguished Senator from Massachusetts [Mr. KENNEDY], I shall state my position again.

I recognize the question which has been raised with respect to singling out a certain country, and also the effect such action could have upon the feelings and attitudes of other countries.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. BRIDGES. I wonder if the reason why members of the Foreign Relations Committee are not present is, perhaps, that they are somewhat embarrassed by their action in singling out one nation and slapping the face of 65 other free nations of the world. Is not that a possible answer?

Mr. COOPER. Inasmuch as the committee incorporated the resolution in the bill, I hardly think that that would be correct.

The Senator from Massachusetts [Mr. KENNEDY] is chairman of the Labor Subcommittee of the Committee on Labor and Public Welfare. He is now in a meeting in which a bill is being marked up. I myself should be there, because I am a member of the full committee.

Inasmuch as I offered the resolution incorporated in the bill, I think I should

address myself to the amendment of the Senator from Illinois.

The effect of the amendment would be to strike section 2 (d) on page 34 of the bill. I have listened to the arguments which have been made since I spoke a few minutes ago. A constitutional argument has been made. I believe the Senator from New Hampshire will agree that a number of bills are passed by Congress which contain obligations that extend over a year. That is true of the Public Roads program. It is true even of the pending bill. If I remember correctly, the authorization for the Mutual Security Act of last year extended certain provisions of the bill for 2 years. I believe the Senator will agree with that. From the standpoint of constitutionality, if the provisions we are considering is unconstitutional, then all the other similar provisions are unconstitutional. It is the sort of thing that was done in connection with the Marshall plan. It was argued then that it was unconstitutional. I suppose it is legally and constitutionally correct to say that by an authorization or resolution we cannot bind a succeeding Congress. However, if we adopt such an authorization or resolution, an obligation attaches to give it some account. I would not deny that.

What effect does this have upon other countries? It is true that, with the exception of certain Communist countries, the Mutual Security Act is available to all countries, providing they make certain obligations. We know what those obligations are. There are certain obligations under the Battle Act to which they must agree. I assume there are some countries which would not like it. They would think that perhaps they, too, should be singled out. I have always had great sympathy for the problems of Latin America. It is one of the large areas of the world which is of particular interest to the United States. I come back to the point I made in my talk previously, that I place value on this provision of the bill because I believe there is a particular situation in the part of the world where India is located to which we can give account now.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. BRIDGES. The Senator says he has great regard and respect and love for Latin America. Yet he is, in effect, by his action and by his words, slapping those countries in the face. I cannot understand that situation. We have been in the position of giving aid to India. Why single India out and then take a crack at all the other nations which have been our good friends? As the Senator well knows, they have stood in our corner much more ably and much more thoroughly and much more effectively than has India. I do not want to raise that point again, but I suggest it to the Senator.

Mr. COOPER. I believe the Senator from New Hampshire adds something to his argument which I cannot accept.

He says it is a slap in the face of other countries. I do not believe it is a slap. I should say that there are peculiar fac-

tors involved in the situation which make it of great importance. Unlike many other countries, India is now engaged upon an economic program, which is based on certain assumptions and has certain purposes. They believe that if they are able to meet its objectives, they will be placed in such a position that they will be able to provide the base for certain industries, which, in turn, will enable them to pursue further development. That is the plan.

The second point is that the provision in the bill is based upon our own political self-interest, which I discussed a few minutes ago. It favors our own political self-interest.

Comparing, again, the situation of India today and the situation in China after the Second World War, I would say that, after 1947, we did very little for China, but there is much greater possibility that India will be able to maintain its independence, and thereby be a stabilizing force in that area of the world, than was the case with respect to China in 1947.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KENNEDY. I am sure the Senator will agree with me that it would be a great mistake to accept either the amendment of the Senator from Illinois or the amendment of the Senator from New Hampshire. In regard to the amendment of the Senator from Illinois, we might as well accept outright the amendment of the Senator from New Hampshire, so far as the practical effect would be of cutting India out of the program. I do not believe the provision in the bill makes any commitment so far as the United States is concerned, other than to express the interest of Congress that India succeed in its second 5-year plan.

When we consider that 40 percent of all the people who live in the underdeveloped world, which has been the object of a great deal of attention and discussion during the past 5 years, live in India, we realize how important and vital and unusual is the case of India.

Therefore, as I said earlier, we stand in the same position in which we stood in relation to China in 1945, when we could have done things which would have had a great effect on the present position of China. In 1958 India similarly hangs in the balance. It is vitally important that the United States indicate its interest not only to the Indians, but also to other people of other countries of the free world who are not pulling their weight, that we are willing to make loans—not grants—to help India succeed in its plan.

When we realize that in 25 years the population of India will be 800 million, the effect of the amendment of the Senator from New Hampshire or the amendment of the Senator from Kentucky on India, which is in competition with China in seeing who can best supply necessities to its people, would be to have the word go out to the people of Asia that the United States Senate does not feel it is in the interest of the United States that the second 5-year plan of India shall succeed.

Perhaps the amendment should not have been added in committee, but the fact is that it is in the bill; and the effect of deleting it would be to negate the action of the Committee on Foreign Relations in its expression of interest. It would be a tremendous mistake to strike it out. Perhaps the committee should not have adopted it, and perhaps the committee should have adopted the amendment of the Senator from Illinois. For good or bad, the amendment is now in the bill, and the people of India know about it, and the people of Asia know about it. If we delete it, they will know about it, too, and no explanation we can make will heal the wound.

Mr. COOPER. I join in the expressions of the Senator from Massachusetts. In order to preserve the meaning of this section of the bill, the amendment of the Senator from Illinois should be defeated.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. REVERCOMB. It is always a pleasure to listen to the Senator from Kentucky on any subject, and particularly so when we deal with the question of our relations with India. He served as the Ambassador of our country to India, and served with very high distinction. I understand that if the amendment of the Senator from New Hampshire or the substitute amendment of the Senator from Illinois were adopted, and there were deleted from the bill that part which deals specifically with India and mentions India alone, this country would have the same authority and the same right to be of friendly aid to India as it would to any other friendly country of the world. Is that correct?

Mr. COOPER. Yes, so far as mutual security aid is concerned. I made the point earlier in the day that I believe the provision would have the further effect, first, of saying that it is the sense of Congress that other nations should join with us; second, I believe it would—and I say this honestly—give support to what I believe is a decision—and I want this understood—of the executive branch of the Government in the persons of the President and the Secretary of State.

I interpolate to say that neither of them has said so to me, but I believe that a decision has been made to give all help possible to India in connection with the achievement of its second 5-year plan. I say honestly that I think if this provision is adopted, it will strengthen India in that resolution.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. REVERCOMB. I join with the Senator in his great admiration for India. I admire the progress India has made and is making. But the Senator's own statement makes me feel that we may be singling out one nation over other nations which we may want to help.

Is this not a precedent, and is it not one which will allow Senators who have a particular feeling for countries which they think need help to ask the Senate to include in the mutual-security bill provisions for special help for those countries? Does not this provision es-

tablish that kind of precedent? Does it not set up that very goal toward which others may travel in selecting other countries for special treatment?

Mr. COOPER. I say frankly that it is certainly some kind of precedent. I do not deny that at all. I should like to respond to one statement the Senator made, so that it will not be misunderstood. He said that perhaps Senators who have interests in certain countries might be induced to come forward and plead for those countries.

Mr. REVERCOMB. I mean by "interests" the feeling that a particular country might be in need of special help to the exclusion of other countries, and that the United States Government would be asked to give special help to some other particular countries. That was the interest of which I spoke.

Mr. COOPER. We never know all the reasons which actuate men's actions; but I have been as careful as I could be, at least in my consideration of this question, to base this issue upon what I believe to be the self-interest of the United States, particularly in the future.

I have tried to draw a parallel between the situation in India and the situation in China. In my time in India, I did not like everything I saw there in the relations between India and the United States. Many times when I was there I felt frustrated and angry about various things which happened. But even though I left, I think I could look beyond that and see the influence of that country in the future and its effect upon the well being and security of the United States.

On the other hand, I would not be honest if I did not say that I believe the people of India to be good people, people of real intellectual quality and character, despite all the statements which are made about them.

India is a country which, I believe, is striving better than any other country in Asia, except perhaps our friends in the Philippines, toward democracy—or republicanism; I like that old constitutional phrase.

Mr. REVERCOMB. I join with the Senator from Kentucky in his admiration for the people of India and their magnificent contributions to literature and culture. With him, I applaud their efforts in the movement forward in the modern world.

The question is simply a matter of whether the policy of the United States should be to single out one country, and set a precedent of expressing in our laws a particular interest in one country.

I understand the position taken by the Senator from Kentucky. I have served with him for many years in the Senate, and I have known him longer than these years of service together. He is motivated by what he believes is best for our country, and he is advocating the position he takes because he believes it is the best for the United States.

I differ more upon the basis that, if I do have a difference with him on this subject, we in the Senate may be setting a precedent which would be inviting to others who may feel that some special thought should be given to this,

that, or the other country when we are writing bills now or in the future; or which will turn the attention of the United States Government to one country to the exclusion of others, or may be making a preferential selection of one country against others with whom we are on friendly terms.

That seems to me to be the one problem which confronts us in passing upon the amendments which are before the Senate.

Mr. BUSH. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. BUSH. A question has been raised in the Senate today about communism in India, and whether Nehru is a Communist. I do not remember how the question was raised, but I believe the Senator from Kentucky said that he did not think Nehru was a Communist.

Does the Senator recall, after his return from India, making an address in New Haven, Conn., on February 22 of that year? I remember particularly what he said about that subject; namely, that the most difficult domestic political issue which faced Nehru day after day and week after week was the battle with communism in India, and with the Communist Party and Communist supporters in India.

The Senator from Kentucky stated that Nehru took an adamant, vigorous stand against communism and the Communist Party in India, and did so openly.

It seems to me that the Senator's statement at that time, when he was then our Ambassador to India, was the best proof we could possibly have of Nehru's lack of sympathy with the basic political philosophy of communism.

I wish the Senator from Kentucky would comment on what I have just said, if he wishes to do so.

Mr. COOPER. I suppose everyone who has been to India tries to describe Nehru. But the Senator from Connecticut has asked me my opinion as to Nehru's political beliefs.

Nehru's education was a Western education. Certainly it was an education which carried on the traditions of Western liberty, freedom, and democracy.

I know that in India itself the largest minority party is the Communist Party, and Nehru is the head of the Congress Party.

The Congress Party and the Prime Minister in India, have made a tremendous fight internally against the Communist Party, although it is a legal party.

I do not know about all of Nehru's political views. I assume that having been educated in England and having fought for the freedom of India at the time when the encouragement came from the Labour Party, his political views are similar to those of the Labour Party, which are socialist views. But I know this, if I know anything: He is not a Communist. I do not even like to discuss that question here. But if I were asked, I would stake my judgment and belief on that fact.

I shall state several reasons for it. First, the thing that is most repugnant

to him is the use of violence or force, which are instruments of the Communist Party.

Second, I know that as the leader of India, he is doing all he can to see to it that India's economic revolution goes forward by voluntary means, not by totalitarian means. There is no element of force or coercion in the economic life or the economic plans of India.

Third, with regard to the political life in India, again I know, as I pointed out earlier, that, for a newly independent country, and one which has only about 80 million literate persons, there is a great appreciation of democratic values there.

For instance, I remember that one day there was introduced in the Indian Parliament a bill which would have seriously restricted freedom of religious worship. It was one of the bills which seemingly were not very important; but the effect of that bill would have been to restrict religious worship. I remember that Mr. Nehru flew back from a city 1,500 or 2,000 miles away, to go on the floor of the Indian Parliament that day and fight that measure, which would have restricted freedom of worship.

One does not always hear about such things, I realize.

I remember that I was there on May Day, when the Communists organized their usual parade and program. Mr. Nehru had his own meeting in a public park, with 200,000 or 300,000 persons in attendance; and at the meeting he denounced the violent and authoritarian means the Communists use.

I believe I have some judgment in regard to these matters. I may say that I come from a small town in the hill section of Kentucky. My ancestors have lived there since 1790; the first one who settled there was a Revolutionary War soldier. The United States has never engaged in a war in which some of the members of my family have not fought for our country. If it is possible to find a person who has less liking for Communists than I have, I do not know where such a person could possibly be found.

It is true that Senators may disagree with regard to the means of meeting or combating communism. Frankly, I think one of the ways is to see whether we can seek to alter peacefully the balance of world power. The means we are considering now might be a means of altering world power in the years to come.

Mr. BUSH. Mr. President, I thank the Senator from Kentucky. I believe he has made a wonderful presentation of his views, and I am very happy to support him on this issue.

Mr. REVERCOMB. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I am glad to yield.

Mr. REVERCOMB. The points raised by the Senator from Connecticut in the course of his debate with the Senator from Kentucky have been interesting, indeed, in bringing out the fact that today the Government of India is a bulwark against communism.

Mr. BUSH. That was the entire point I wished to raise.

Mr. REVERCOMB. I so understood.

At the same time, let me ask the Senator from Connecticut about a point which has given me some concern. Other countries which are friendly to the United States are also standing up against communism. In that case, why should we write into one of our laws a provision for the giving of special consideration to only one of those countries? Why should not we give to the executive branch of the Government the authority—as is done by means of the pending bill—to be helpful to, and to give aid to, all friendly countries and to create a bulwark against the spread of communism? Is it proper to set a precedent by selecting only one of them—India, in this case? I question it. I doubt that it would be proper to select any particular country from all those who stand up in the fight against communism. This is the point just now in this discussion that is giving me concern as it gives others, I gather, from the discussion we have heard today.

I doubt that we should set a precedent which would permit persons to believe that one particular country or another was, in our opinion, doing a great job in standing up against communism, and should be singled out as against the others. That is the point I would make.

Yes, let us help India; let us give India high consideration; let us stand by India as our friend.

But let us also stand with the other friendly countries, to the exclusion of none of them.

Mr. BUSH. Mr. President, I can understand the concern of the Senator from West Virginia about this point; and other Senators have expressed the same concern.

But I believe there are two answers. The first is—as has been stated here this afternoon by the Senator from Kentucky [Mr. COOPER] and the Senator from Massachusetts [Mr. KENNEDY]—that today India is outstanding in the world, both because of her position in the Far East; and also because we recognize that India is the largest untaken prize that exists today in the world, and the Russians are doing their utmost to make India their prize. That is one of the reasons—because India stands out as one of the most important nations in the world. Therefore, in my opinion, the giving of special consideration to India, in connection with this bill, can be justified.

Second, we are going to be judged by the people of the other countries on the basis of our actions with respect to them and our relations with them. I simply do not agree with the position which has been taken here by some of my respected colleagues, namely, that this provision is a slap in the face of any country. I do not think the provision will be so regarded.

In fact, I believe that, as a matter of fact, many of our friends will look upon this provision as a very astute move on the part of the United States. I believe they will thus consider this provision of the bill, which represents a gesture of friendship toward the people of India.

So I do not share the concern of the Senator from West Virginia, although I certainly concede that it is sincerely held, just as I know the concern of other Senators is sincerely held, as has been so well expressed this afternoon.

Mr. President, I yield the floor.

Mr. MORSE. Mr. President, I wish to speak in support of the language of the committee bill and report which deals with this matter, and also to associate myself with the position taken by the Senator from Kentucky [Mr. COOPER], the Senator from Massachusetts [Mr. KENNEDY], and other Senators who have supported the language recommended by the committee.

It is known that the language was, in the first instance, proposed in the committee by the Senator from Massachusetts [Mr. KENNEDY].

The interest of the Senator from Kentucky [Mr. COOPER] in this matter was well-known to the Foreign Relations Committee, and was commented on there during our discussion of this matter.

Mr. President, if I may have the attention of the Senator from Kansas [Mr. CARLSON], I recall that, along with the Senator from Kansas and the Senator from Kentucky [Mr. MORTON], I had the honor of representing the Senate at the British Commonwealth Inter-Parliamentary Conference at New Delhi last December. It was not an Indian conference simply because it was held in New Delhi. It was a conference of the Parliaments of the British Commonwealth, save and except the United States, whose delegation was there as an invited guest.

The delegation has filed with the Senate, in the form of a Senate document, a report we made on our return, setting forth our observations, findings, and recommendations.

I think it would be a most unfortunate mistake if we struck from the bill the language which this amendment proposes to eliminate on page 34, starting with line 4.

I submit that statement, and wish to support it with some observations. One could not witness what we saw at the conference without recognizing the fact that India will be of terrific importance, in the 100 years ahead, in connection with developments in both Asia and Africa. The Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. CARLSON], will agree with me, I think, when I say although we disagreed with some of the positions and points of view taken by the Prime Minister of India, who participated with us in the 2-day debate on foreign policy and national defense, there was no doubt where the majority of the delegates from Asia and Africa stood. They were following the leadership of Nehru.

We need to recognize the power and influence of his leadership. I quite agree with the Senator from Kentucky: Nehru has evidenced time and time again that he is not a Communist. I sat in both the upper and lower houses of the India Parliament when Mr. Nehru was called upon by those branches of the Government to debate Indian foreign policy. I

listened to him, at great length, take on in debate the Communists in both the upper and the lower houses of the Indian Parliament. In those speeches will be found a clear indication that Nehru does not believe in the despotic and police state policies of either the Communists or any other totalitarian form of government.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BRIDGES. The Senator from Oregon is making a very definite statement, but I think he will have to temper that statement somewhat by admitting that at times Mr. Nehru and the Parliament of India have taken a position favorable to communism, will he not?

Mr. MORSE. Nehru has taken a position of so-called neutrality which we often consider to be favorable to Russia, and for which we have criticized him. Nevertheless because he has taken a position that is not in agreement with ours does not make him a Communist. Nor does it put him in such a position that we ought not, as a matter of policy, give India assistance in carrying out the kind of economic program contained in its second 5-year plan.

Let me point out that here is an opportunity for us to export the economic freedom of choice of American capitalism. That is the field in which we are going to beat Russia. We must beat Russia, in the 100 years ahead, on the economic front if freedom is to survive in the world. Russia's enslavement of economic choice of the individual that always is found in a Communist state cannot compete in India or anywhere else with our system of economic freedom of choice for the individual.

There is our opportunity. Why should we throw away the chance to demonstrate to the people of India that we are in favor of helping them in their second 5-year plan and in favor of helping them develop economic freedom of choice?

Mr. BRIDGES. Has not the United States demonstrated its friendship to India time after time, year after year, pouring out the money and the substance of this country, in spite of rebuffs and constant siding with the Communists in their positions? We have overlooked that and have continued to be generous and fair, have we not?

Mr. MORSE. We have made loans, and I am in favor of more loans and fewer grants. If the Senator has scanned my individual views which I have filed with the report, he knows one of the criticisms I have been making is that we have not been lending enough, but granting too much. We have a grant program that is over 85 percent of all foreign aid, as a rough figure, as compared to a program of 15 percent in loans. I would reverse that ratio. I would have a ratio of at least 75 percent loans and 25 percent grants. But that is for the future. It seems to me it is irrelevant to the issue now before us. We have an opportunity to demonstrate, through the policy contained in this bill, that we want to aid and support India

in its development of economic freedom through the second 5-year plan. It seems to me we must do so if we are to win the fight for freedom in India and Asia in the years ahead.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BRIDGES. Does not the Senator feel equally that way about 60 or 70 other countries?

Mr. MORSE. I shall have something to say about those in a moment.

Mr. BRIDGES. Does the Senator not think the provision in the bill I am seeking to have taken out would be a slap in the face of the other countries?

Mr. MORSE. No. Specifically, I think India at the present time is the crux of developments in Asia and Africa. As India goes, I think Asia and Africa will go in the next 10 to 20 years. The other countries to which the Senator referred are likely to go the way India goes. If Russia thinks India is that important, and she does think so, does the Senator suppose she is going to be mute and motionless about India? Does the Senator suppose Russia is going to adopt a policy of silence and inaction toward this great problem of economic growth that faces Asia and Africa? I think this is the time to establish in the bill, as a matter of policy, that we intend to do what we can to help the Indian people and the Indian Government come over to the side of economic freedom so they can have political freedom. The Senator has heard me say before, but I think it needs to be reiterated again and again, that it is nonsense to talk about political freedom unless we provide for economic freedom. Our struggle in Asia and Africa in the decades ahead will be to bring about economic freedom of choice, which makes for the development of the benefits of a capitalistic society. What we are saying, in essence, is, "We are going to help you develop the kind of economic system that we know from glorious experience provides freedom of choice for an individual." That is what the majority of the committee are trying to accomplish.

Before I leave the subject I have been discussing, I yield to the Senator from New Hampshire.

Mr. BRIDGES. I should like to have the Senator explain why he said the United States would join with other countries to do this. What other countries will join in making loans and grants to India?

Mr. MORSE. Let me say one of the very disappointing, negative observations I made in India—and I made quite a few—was that wherever I went I heard about the loans made by West Germany and Russia for the building of two steel mills. Those loans had grasped the attention of the Indian people somehow, somehow, and they could see the results in concrete form. The Indian people thought it a magnificent gesture of friendship on the part of West Germany and Russia.

I said to the people in place after place exactly what the Senator from New Hampshire has pointed out, "Are you aware of the millions of dollars which the United States has poured into India

for development?" They were not. They were not aware of that.

That is the reason why, in the Committee on Foreign Relations, I have been urging for some time that we make loans for specific projects on the basis of a line of credit approach, so that the money will be drawn upon as the project goes up and we will not just put the money into the pockets of any politician of any foreign country. If we will attach our financial assistance as much as possible to specific projects we will have better success in getting the people in those countries to understand the aid we are really giving them and the exportation of capitalism in which we are engaging.

That is my approach, but it is not at all inconsistent with saying to India, in the language of this bill, that as a matter of policy we intend to do what we can, within the limitation set up—and the language of the bill is very carefully drawn—to assist India in this kind of economic approach.

My next generalization from my observations in India is that the problem is a stomach problem—or an economic problem, if one wants to use a more polite term. We have to deal with the Indian problem in the decades ahead on the economic front, as well as on the political front. We have to help develop the economic productive power of India for Indians, if we are to win the fight for freedom in India. That is the general premise on which I have approached the problem in India, as well as elsewhere in Asia and Africa.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Kentucky.

Mr. MORTON. I thank the Senator. I have gotten in more trouble in the past 48 hours than at any time in my career. I voted with the Senator from Wisconsin yesterday on an amendment, and now I find myself aligned with the Senator from Oregon. I am in very bad shape at home.

Mr. MORSE. I am delighted with the association.

Mr. MORTON. I think Nehru is just about as phoney as a \$3 bill. I disagree with him entirely on many things, and the Senator from Oregon knows I do. I also disagree with the Senator from Oregon on most things.

One thing is clear, which the Senator from Oregon has pointed out. As India goes, so go the uncommitted one billion people. The Senator from Oregon, the Senator from Kansas, and I visited India. We would rise, the British would rise, the Australians would rise, or somebody else would rise, to start the debate, but not one of the representatives of these countries would say anything until some member of the Indian delegation gave the word. Then they took the lead.

This is important. It is important to us and to our children, whether we like it or not. Whether we like the way Nehru runs the country, whether we think he is a "Commie" or not, the 500 million people there are important.

I observe sitting in the Chamber the former Speaker of the House of Representatives. He will remember when we

went to see Nehru the bells rang and he had to rush over to vote. He said, "These guys are getting out of hand. I have to go over to do something." Three times while we were talking to him he had to rush over to quiet the kinds of things any Speaker of the House knows go on. They can handle emergencies better in the House than we handle them in this body. It is rough over here. I have not yet learned the rules.

I do not like Nehru. I do not have any use for him. If I were in the Indian Parliament I would vote against Nehru just as often as I vote against the Senator from Oregon. However, I say that the uncommitted people of this world are following Nehru, whether we like it or not. The fact is we had better smarten up and be somebody in this country.

Mr. MORSE. I completely agree with the remarks of the Senator from Kentucky with respect to India. The Senator made a better speech on the subject than I could possibly make.

I also wish to say I am always gratified whenever I find myself in agreement with the Senator from Kentucky. It convinces me that at least I am both a student and a teacher. I do not know whether at this particular moment I am in the capacity of the pupil or the teacher. But I am delighted to be in agreement with my friend from Kentucky.

Mr. MORTON. Mr. President, will the Senator yield at that point?

Mr. MORSE. I yield.

Mr. MORTON. I flunked out of school.

Mr. MORSE. The Senator has been a great success, whether he flunked out of school or not.

Mr. President, I am glad to have the remarks of the Senator from Kentucky, because we need to stress over and over again that India is the keystone of the economic and political structure which is going to develop in Asia and Africa in the years immediately ahead.

I want to make a few comments about a couple of trouble spots in India, which ought to give us concern, and which I think call for support of the language in the bill.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to commend the Senator from Oregon for his statement. I think it is a timely statement. I expressed myself earlier with respect to this issue. I stated at that time I thought India was one country in the great Far East which would determine the future of that section and probably of the world.

It is extremely important that the Senate of the United States should take no action which would in any way discourage India in its efforts to improve the economic structure and standing of that area.

I think the Senator has well expressed the case. The Senator from Kentucky [Mr. MORTON], the Senator from Oregon [Mr. MORSE], and I did not hesitate to explain our views while we attended the meeting. We expressed our disagree-

ments with the Indian people. I think they respected us for our views, and at the same time I think we carried on the representation of this country as they would have us do it.

DEMAND RISING IN INDIA FOR ECONOMIC IMPROVEMENT

Mr. MORSE. Mr. President, I want to turn to the second premise of my remarks. There is no doubt about the fact that Russia is trying to win India for communism. Khrushchev has made that clear. There has been no tendency on his part to remain silent with respect to Russia's attitude toward India.

Khrushchev also made clear—and let us remember it—that he intends to carry on an economic war against the United States. He is going to do it in exactly such areas as India, other parts of Asia, and Africa.

What success is Khrushchev having? Well, let us take a look at the Province of Kerala. I ask Senators to remember a vital statistic about Kerala. Kerala has the largest percentage of Christians of any Province in India. And it is the one Province which has gone Communist. That is an interesting paradox, is it not? This is a Province which is noted for its superiority, statistics-wise, on literacy, as compared with other Provinces. It is a Province which has gone Communist.

It is also a Province, Mr. President, in which increased enlightenment and concern for human welfare on the part of the people has caused the focusing of attention upon economic degradation.

If we want to beat communism, here is where we have to do it. We have to show that capitalism can do more to raise living standards than communism can do. What I would like to see, Mr. President, are some lines of credit loans to Kerala, from the United States, for the building of economically sound projects which will help increase the productive power of the people living in the economic shadows of those projects. That is the way to beat Khrushchev in Kerala.

Now, the contest is very close. The Communists, so far as the Parliament of Kerala is concerned, do not have a majority of the delegates. The Communists have a plurality, aided by a small group. The Senator from Kansas will correct me if I am wrong, but as I recall there was a majority of six. The Communists are aided by six so-called non-members of the Nehru party in India, and are able to control the government of Kerala.

This is nip and tuck. It would not require much of a change to bring the Congress Party back into control in Kerala. Do Senators think we should give up this opportunity to say to the Indian people, through this bill, that on the basis of the limitations of this language we intend to do what we can to be of assistance to them?

Let us take a look at Bombay. Bombay now has a Communist mayor. The struggle between freedom and totalitarianism in India is a hot one. I happen to think that, not on the basis of grants, not on the basis of blanket loans, but, as

the record before the committee will show, on the basis of loans for specific projects connected with the second 5-year plan, we may be of assistance in winning India over clearly to the side of freedom.

It has been argued on the floor of the Senate that this would be a bad precedent, because we specifically name India in the bill. That is no new policy in the Congress. Let us consider the bill itself, before we examine existing legislation on the subject, and see to what extent we have named specific countries. I am not saying that they have been named in the same connection, but I am saying that in this bill we select specific countries for comment, attention, and reference.

In section 105 we mention Cambodia and also Laos and Vietnam. In section 108 we mention Japan; in section 131, Korea; in section 143, Yugoslavia; in section 404, Germany; in section 417, Iran; in section 536, Nationalist China.

It is nothing new for us, in a foreign-aid bill and in other bills in the Senate, to single out and mention specific countries. Our interest in them is specific. I contend that our interest in the future of India is, too, for the reasons I have stated.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. MORSE. In a moment, if I may be permitted to complete this comment.

Consider the existing legislation. Section 404 deals with responsibilities in Germany. This is what we have written into the law of the land:

SEC. 404. Responsibilities in Germany: Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the First Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) special account, under the terms of article V of that agreement.

We set forth specific provisions and state our responsibilities relative thereto. It was a great help to Germany. It was a statement of policy.

Some are arguing that we should not single out India for a special reference. There was a historic debate in the Senate in 1955, in which Formosa was singled out in a resolution. I opposed the resolution, not because Formosa was singled out, but because I did not agree with the alleged merits of the resolution. There is nothing to the argument that we should not retain this language in the bill because it specifically mentions India. The question is, Would this statement of policy be in America's national interest?

I am interested in doing what I can during my period of service here to help pave the way for a victory of freedom in those parts of the world where the contest is now on. India is one of the key spots in the world.

We talk about psychological warfare. We talk about a cold war. This language is a weapon in psychological warfare; yet it is proposed that we spike our guns by eliminating this language

from the bill. The fact is that here is one of our great weapons in the cold war and we ought to use it.

I say to my friends in opposition, that if there is some other country which has a plan based upon the potentialities of economic freedom, as is the second 5-year plan in India, we should name that country and propose an amendment to make it perfectly clear that we wish to give our support to that country. Such an amendment would have my support. I intend to support the fight for economic freedom around the world, so that political freedom will take root in all parts of the world where we must win men over to our side, wherever the country is located.

There is a case for India, and I think we should take advantage of the opportunity which is ours to mention India specifically in the bill, and to that extent make it clear to the Indian people that we intend to do what we can to help them in the fight for economic and political freedom in the years ahead.

I now yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, the Senator from Oregon has made an important statement.

Is it not a fact that in the report of the committee every section deals with specific countries and specific amounts? On page 10 we find the following:

Besides Korea and Vietnam, defense support is programed in fiscal 1959 for 10 other countries: Spain, Greece, Iran, Pakistan, Turkey, Cambodia, China (Taiwan), Laos, Philippines, and Thailand.

If the Senator from New Hampshire is worried for fear that mentioning Iran might adversely affect and offend the feelings of other countries which are not specifically mentioned, I suggest that the Senator read the report, in which we confine defense support to 10 countries, and name them specifically. India is not one.

Anyone reading the report will find specific mention of 40 different countries, showing how much each is to get. We have had aid to Yugoslavia in mutual-security bills for 5 years. There is nothing new about the proposal to devote particular attention to one specified country. As the Senator from Oregon has pointed out, 40 percent of the people in the underdeveloped areas of the world live in Asia. Asia is the key to our security.

We are not considering whether an original amendment should be adopted, but whether we should strike language from the bill, which action might cause repercussions which would be felt not only in India, but all over Asia. We would be taking affirmative action against India. If the Senator from New Hampshire is concerned about the continuity of the relations between this country and that part of the world, I remind him that we have frequently spoken of the mistakes made in our China policy. We should be concerned lest we lose another golden opportunity in another part of the area.

Mr. MORSE. I thank the Senator from Massachusetts for strengthening my case.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BRIDGES. I merely wish to comment on what the Senator from Massachusetts said about other countries being mentioned in the bill. What he says is, of course, accurate. Nevertheless, I come back to the fact that none of them are specifically mentioned in the policy statement of the bill.

Mr. KENNEDY. We go even further when we include in the bill language which, in fact, is the implementation of a policy. In the case of the other countries mentioned, which are provided with specific grants, we are implementing the policy. We are going further than the language with respect to India. We are implementing a policy. All we are saying, in effect, is that we want the Indian people to know that we are going to do what we believe we can do, based upon the facts as they develop, to be of assistance to India's so-called second 5-year plan.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. I wish to commend the senior Senator from Oregon for the fine and well-reasoned argument he has been making in opposition to the pending amendment. I have hitherto publicly committed myself in support of the position taken by the Senator from Massachusetts and the distinguished former Ambassador to India, the Senator from Kentucky [Mr. COOPER]. I should like to do so again, and state my further conviction.

It is very important for the security and for the best interests of the United States that the unsound amendment now before the Senate be defeated.

Mr. MORSE. I thank the Senator very much for his assistance in the debate. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. President, I apologize for detaining the Senate any further on this matter, but I have a few comments to make which I believe should be in the RECORD, following what the distinguished senior Senator from Oregon has said.

I thought that somewhere in the record there might be an embracing of the amendment by the Department of State. However, I notice at page 304 of the hearings, in connection with the discussion of the matter, the following statement by Mr. Rountree, of the State Department:

I am not sure that it is desirable to single out a particular country from many nations which do have urgent requirements for aid.

I have gone through the hearings, and Mr. Rountree, representing the Department of State, says, "I am not sure that it is desirable."

I do not know whether we are to determine the foreign policy, or whether it to be directed by the Department of State. It may be that we have 97 Secretaries of State. However, I am always a little timid about venturing into this

field. The distinguished Senator from Massachusetts, in effect, said, "Well, when we express the sense of the Senate, it is not a commitment." What is the sense of the Senate? Is it not the opinion of the Senate? Is it not the discernment of the Senate? Is it not the judgment of the Senate? Is it not the conviction of the Senate? What does the Committee on Foreign Relations say in its report? Let us look at page 7. I wish to read only a paragraph from the report:

The Indian second 5-year plan is now in a critical phase. The purpose of the amendment is to let the Indian people know that the Congress supports the efforts they are making. The amendment will also let the executive branch know that the Congress approves of steps to aid India. And most important, it will serve as a stimulus to American efforts to enlist other free countries in a united assault on India's economic problems.

The amendment is a statement of policy.

Either I can understand the English language or I cannot. This language has only one significance to me. I wish to be sure that it is incorporated in the RECORD.

We now go back to the amendment for a moment. It states that it is the sense of Congress that we provide assistance to India. I regard that as a moral commitment. How are we to provide the assistance? It says we are to provide the type that is necessary, the magnitude that is necessary, and for a duration that is necessary. It says adequate assistance. Someone else's ideas of adequate and mine may be entirely different.

However, I shall have to sit in the Committee on Appropriations when this matter comes along and pass on the question of adequacy. When the testimony comes, I may have one view; the Department of State may have other views. Once this language is written into the bill, they will point an accusing finger and say, "You will have betrayed a commitment of Congress to India if you fail to provide aid of a certain type, of a certain magnitude, for a certain period, and in an amount which is adequate."

For what purpose? To complete—that is what it says—to complete the current program. How far complete it? Successfully. That is what it says. I do not know whether I have ever encountered a moral commitment in my life, but if I have, this is it.

Let us not forget that there are two groups who will be reading the language. We will be reading it. We may say it is only a gesture. They will read it in Bombay, they will read it in New Delhi. They will read it in Calcutta. They will read it up in Kashmir. They will read it in Karachi. It will be for them also to say whether it was a commitment or not. It takes two, because it is a two-way street.

If it is the desire of the Senate to tie our hands now, very well. But I want to be on record this afternoon. While this is the 6th day of June, 1958, this matter will start cooling a little bit, and we will forget about the solemnity and about the importance of the language we write into the bill today. Therefore

I wish to be sure that my hands are not completely tied before I make what I think is a proper protest.

I wish to add one thought before I conclude. The State Department and the President direct our foreign policy. I have seen no statement from the President on this point. I have seen no statement from the Secretary of State. He has repeatedly testified as to the importance and the significance of India in the whole world picture. However, here is Mr. Rountree, from the State Department, testifying at page 304 of the hearings:

I am not sure that it is desirable to single out a particular country from many nations which do have urgent requirements for aid.

That statement makes good sense and seems to me to state a good policy. I intend to support the amendment of the Senator from New Hampshire.

I ask unanimous consent to modify my amendment to the Bridges amendment so that it will be in good technical form. The language is at the desk.

The PRESIDING OFFICER. The amendment as modified will be stated.

The CHIEF CLERK. On page 34, line 1, it is proposed to substitute the following for section 2:

Section 2 of the Mutual Security Act of 1954 is amended by striking the period at the end of paragraph (c) thereof and adding the following: "and in their efforts to complete their programs of economic development."

Mr. MORSE. Mr. President, I wish to make a brief comment on what my friend the Senator from Illinois has said. The language he stresses, which states that it is the sense of Congress that we shall provide support of a type and magnitude and duration and adequacy that will assist India to complete its plan successfully, should be read in the light of the preceding language, which says that we would join with other nations.

We are not saying that we alone are going to provide the support of a type and magnitude and duration and adequacy to assist India to complete successfully its current program for economic development. We say that we are going to join with other nations. That makes it perfectly clear, it seems to me, by an implication that strikes one immediately that we do not undertake this project alone, but that we are going to cooperate with other nations in providing for the success of the program.

The Senator from Illinois is quite right. He sits on the Committee on Appropriations. Any proposal for any aid to India must run the gamut from an authorization proposal to an appropriation bill. I am in favor of that.

However, I think what we ought to do is to make clear to India that we are willing to join with other nations in doing our share. I believe it is clearly implied that we will do our share, and that it is for us to decide what is our share, in view of our economic conditions at any given time, in view of the world situation at any given time, and in view of the developments in India at any given time. We are not proposing to write a blank check for India today. We are

proposing to say to India that it is our policy—and we are also saying it in effect to the executive branch of the Government—that it is the sense of Congress that the executive branch should try to work out a support program with India in cooperation with other nations which will make its second 5-year plan successful.

It is clearly intended by the Committee on Foreign Relations, or by those of us on the committee who favor the amendment, not that we write a blank check, but that we only say to India: "We, in cooperation with other nations, will help you try to make your program a success."

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DIRKSEN. If the Senator will permit me, I should like to make two observations. The first is that under existing law and under present policy we had no difficulty in helping to rehabilitate the railways of India. There is ample authority to help India without making a policy statement of any kind. That is the first thing. Second, I say to my friend from Oregon that I took full account of the word "join" when the section of the bill speaks of joining with other nations. I see in that the necessity for an auxiliary program to the ICA or MSA program for one particular country. That is when our administrative difficulties will really begin to overwhelm us.

Mr. MORSE. I say most respectfully that I do not think it is the intention of the amendment to set up an auxiliary program, but only that we strike this blow in our country's defense in the cold war with Russia by saying to the people of India, through this language, "We want to be of help to you, and we will join other nations in a program which will help you to effectuate the economic program you have in mind."

Of course, we have not, in this debate laid out the blueprint of the second 5-year program. Perhaps we should. Suffice to say it is an economic program which, if it can be successfully implemented, will go a long way in taking India away from the threat of communism.

Mr. HUMPHREY subsequently said:

Mr. President, I regret exceedingly that I have had to be absent from the Senate floor during the debate on the amendment proposed by the senior Senator from New Hampshire [Mr. BRIDGES]. I have had to preside at important and previously scheduled hearings for the Subcommittee on Reorganization, of the Committee on Government Operations.

However, Mr. President, I believe that my views on United States policy toward India are well known. I summarized them as recently as Wednesday afternoon of this week, on the Senate floor. My remarks may be found on pages 9068-9069 of the CONGRESSIONAL RECORD for June 4, 1958.

I said at that time, Mr. President, that there was no single area of the world where American foreign policy is being more closely watched, or more effectively

tested, and in the large, strategic, democratically-oriented subcontinent of India. It is for that reason that I view the pending amendment with such dismay. It would delete from the mutual security bill one of the truly significant and constructive additions made by the Foreign Relations Committee. I can only repeat now, what I said 2 days ago, that:

The bill now before the Senate does add a critically important new statement of national policy toward India, and I welcome that statement enthusiastically. The distinguished junior Senator from Massachusetts [Mr. KENNEDY] and the distinguished senior Senator from Kentucky [Mr. COOPER] deserve the heartfelt thanks of all of us for their initiative in obtaining the inclusion of this new policy statement. I was happy to support it. I earnestly hope that the statement will be included in the bill, and that the administration and Congress will thereafter turn their attention in a meaningful and deliberate way to the implementation of this major new commitment to help India succeed.

Hence, Mr. President, I join others who have spoken in urging the defeat of the Bridges amendment, and support of the position taken by the Senate Foreign Relations Committee.

Mr. DIRKSEN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. President, it was my understanding that the distinguished Senator from New Hampshire [Mr. BRIDGES] was willing to accept the amendment I offered to his amendment. I think I am free to propound a unanimous consent request in his behalf that the amendment be accepted.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question now is on agreeing to the amendment of the Senator from New Hampshire to strike out section 2, as amended. The yeas and nays have been ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MORTON in the chair). Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, in view of the uncertainty which has existed in regard to the parliamentary meaning and effect of the few words I have offered as an amendment to the

amendment of the Senator from New Hampshire [Mr. BRIDGES], of course I would rather not encumber the amendment of my distinguished friend. Therefore, in order to clarify the parliamentary situation, I ask unanimous consent that I may withdraw my amendment to the amendment of the Senator from New Hampshire.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, let me ask the Senator from Illinois whether, as a result, the pending question will be on agreeing to the amendment of the Senator from New Hampshire.

Mr. DIRKSEN. Yes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire to strike out section 2.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. On this question, the yeas and nays have been ordered, have they not?

The PRESIDING OFFICER. That is correct.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. JOHNSTON], and the Senator from Virginia [Mr. ROBERTSON] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Wyoming [Mr. BARRETT] is paired with the Senator from New York [Mr. IVES]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from New York would vote "nay."

The Senator from Kansas [Mr. SCHOEPEL] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 35, nays 47, as follows:

YEAS—35

Anderson	Bricker	Case, S. Dak.
Beall	Bridges	Chavez
Bennett	Butler	Curtis
Bible	Capehart	Dirksen

Dworshak
Eastland
Ervin
Frear
Goldwater
Hoblitzell
Hruska
Jenner

Jordan
Knowland
Kuchel
Langer
Lausche
Malone
Mundt
Potter

Russell
Stennis
Talmadge
Thurmond
Thye
Watkins
Williams

NAYS—47

Alken
Allott
Bush
Carlson
Carroll
Case, N. J.
Church
Clark
Cooper
Douglas
Ellender
Flanders
Fulbright
Gore
Green
Hayden

Hennings
Hickenlooper
Hill
Holland
Humphrey
Jackson
Javits
Johnson, Tex.
Kefauver
Kennedy
Magnuson
Mansfield
Martin, Iowa
McClellan
McNamara
Monroney

Morse
Morton
Murray
Neuberger
Pastore
Payne
Proxmire
Purcell
Smathers
Smith, Maine
Smith, N. J.
Sparkman
Symington
Wiley
Young

NOT VOTING—14

Barrett
Byrd
Cotton
Ives
Johnston, S. C.
Kerr
Long
Martin, Pa.
O'Mahoney
Revercomb

Robertson
Saltinshall
Schoeppel
Yarborough

So Mr. BRIDGES' motion was rejected.

Mr. KNOWLAND obtained the floor.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I move that the vote by which the motion of the Senator from New Hampshire was rejected be reconsidered.

Mr. KENNEDY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Massachusetts [Mr. KENNEDY] to lay on the table the motion of the Senator from Kentucky [Mr. COOPER] to reconsider.

The motion to lay on the table was agreed to.

DELAY OF SUBMISSION OF PLAN FOR FUTURE CONTROL OF PROPERTY OF MENOMINEE TRIBE—CONFERENCE REPORT

Mr. NEUBERGER. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield to the Senator from Oregon.

Mr. NEUBERGER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NEUBERGER. Mr. President, I should like to explain to the distinguished Senator from California that the conference report on House bill 6322, relating to the Menominee Tribe has been pending several days. I have delayed calling up the conference report until now, because both the distinguished Senators of the State of Wisconsin [Mr. WILEY and Mr. PROXMIRE] desired to be on the floor so that they could make brief observations about the conference report. I ask the Senator from California if he will yield to me so that I may present the conference report.

The PRESIDING OFFICER. Does the Senator from California yield for that purpose?

Mr. KNOWLAND. I yield for that purpose.

Mr. NEUBERGER. I thank the Senator from California.

Mr. NEUBERGER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6322) to provide that the dates for submission of plan for future control of property and transfer of the property of the Menominee Tribe shall be delayed. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6322) to provide that the dates for submission of plan for future control of property and transfer of the property of the Menominee Tribe shall be delayed, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with a further amendment as follows:

On page 2, line 2, strike out "December 31, 1958," and insert in lieu thereof "February 1, 1959."

On page 2, line 10, strike out "there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, an amount equal to one-half of such expenditures from tribal funds, or the sum of \$275,000, whichever is the lesser amount," and insert in lieu thereof "there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, an amount equal to all of such expenditures incurred prior to the date this sentence becomes effective, plus one-half of such expenditures incurred thereafter, or the sum of \$275,000, whichever is the lesser amount."

On page 2, line 17, strike out "December 31, 1958," and insert in lieu thereof "February 1, 1959."

On page 3, lines 10 and 11, strike out "December 31, 1958," and insert in lieu thereof "February 1, 1959."

RICHARD L. NEUBERGER,

FRANK CHURCH,

ARTHUR V. WATKINS,

Managers on the Part of the Senate.

JAMES A. HALEY,

CLAIR ENGLE,

WAYNE N. ASPINALL,

A. L. MILLER,

E. Y. BERRY,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. NEUBERGER. Mr. President—

Mr. DOUGLAS. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NEUBERGER. I thank the Chair, and I thank the Senator from Illinois. This is a matter of great importance to the two Senators from Wisconsin. I think they are entitled to order and silence on the floor.

Mr. President, this proposed legislation has been the subject of extensive consideration in the House and in the

Senate. On April 29, the conference committee met to resolve certain differences in the measure as it had been passed by the House and the Senate. After a thorough discussion of all the issues in disagreement, the Senate version of the bill was agreed to, with certain minor changes.

Before submitting the conference report to the Senate, I consulted with the two able Senators from Wisconsin on the language in the bill. Both Wisconsin Senators expressed great concern about the provisions in the bill with respect to the reimbursement of the tribe for the costs of the termination program. I might say that H. R. 6322, as passed by the Senate, provided that the Indians would be reimbursed for only one-half of such costs, or a maximum of \$275,000, whichever was the lesser amount.

At the request of the Wisconsin delegation, I agreed to return to conference with our colleagues from the House in an effort to work out language that would treat the Indians more liberally in terms of financial assistance during the time the termination program is in progress.

Yesterday the House and Senate conferees again met to discuss the issue of reimbursement for the Menominees. Language has been agreed to which, in my opinion, is much more favorable to the Indians.

The recommendation is that the Federal Government will pay all of the costs of the Menominee terminal program incurred from 1954 until H. R. 6322 became effective. Thereafter, until the final termination date of December 31, 1960, is reached, the Federal Government will reimburse the Menominees for one-half of any additional expenditures incurred.

The Department of the Interior informs me that it estimates that the Menominees will have incurred expenses through fiscal 1958 to the extent of approximately \$130,000. Under H. R. 6322, it is intended that those expenses will be fully reimbursed, if they are approved by the Secretary of the Interior as proper costs of the termination program. I understand further that the overall cost of terminating the reservation may not exceed \$200,000. If this is an accurate estimate, the cost to the tribe would be only \$35,000, or one-half of the difference between \$200,000 and the \$130,000 which the Federal Government will pay. Certainly this is more favorable to the Indians than the previous language, under which the tribe would have had to pay one-half of all costs, or \$100,000.

I might add that the Klamath Indians in my own State do not enjoy so favorable an arrangement as do the Menominees, since under the present law, the Klamaths must pay one-half of all termination expenses, and those costs are very substantially greater than the Wisconsin group has to bear.

I believe, all things considered, H. R. 6322 is a very reasonable piece of legislation, and I urge that the Senate adopt the conference report.

We have been very fair to the Menominee Tribe. My own Klamath Tribe did not fare so well, although, of course, the Senate has subsequently passed on

amount. The effect, however, on others of thus recognizing the full effort they are making would, I believe, be substantial in stimulating and encouraging even greater endeavors. For these reasons, I hope the House provisions on both these points will prevail.

Mr. JAVITS. Mr. President, I wish to associate myself with the remarks made by the Senator from New Jersey in calling to the attention of the conferees on the part of the Senate the very great contribution which can be made by the United Nations Special Projects Fund as part of the U. N. Expanded Technical Assistance Program as dealt with in section 7 (b) of the bill which, in the version of the bill which is before the Senate, differs from the corresponding provision in the version of the bill which was passed by the House of Representatives.

As my colleague has explained, if the provision which is to be found in the version of the bill before the Senate is retained, then the percentage our country can contribute will decline to 38 percent in 1959 and to 33½ percent in 1960, whereas the House has fixed the percentage at 40 percent.

For a number of years we have opposed, in the United Nations, the Special United Nations Fund For Economic Development, which is called SUNFED, because, in substance, the United States felt that it was unwise and would rather hinder the development of underdeveloped areas, because both they and we would be biting off far more than we could chew or digest and because there was no guaranty whatever that the program would be adequately financed.

Nevertheless, Mr. President, the underdeveloped areas have backed SUNFED very strongly; and the only means by which we, in cooperation with other nations, have been able to hold off the establishment of SUNFED which we considered unwise at this time has been by means of the astoundingly able job which has been done by Congressman Judd in the U. N. General Assembly's last session in getting adopted the resolution for the Special Projects Fund.

Mr. President, this Special Projects Fund will constitute the link between straight technical assistance and more extensive development, by providing for planning for projects and for institutes in which people can be taught how to administer these projects when they are financed. If we fail to go along with the House of Representatives we will be yielding the benefit of an important gain for our point of view made in the U. N.

For these reasons, I think the course of greatest economy and greatest efficiency is for the Senate to join the House of Representatives in favoring the provisions which have been voted by the House of Representatives; and I commend that course very strongly to the conferees on the part of the Senate.

WASHINGTON AREA AIRSPACE PROBLEM

Mr. STENNIS. Mr. President, will the Senator from California yield to me?
Mr. KNOWLAND. I yield.

Mr. STENNIS. Mr. President, the current and growing critical problem of airspace in the Washington area emphasizes the immediate and urgent need to do something about it now, and not in the distant or indefinite future.

The Subcommittee on Military Construction, of which I am the chairman, has the main responsibility for recommending the authorizations which are essential for the establishment of military installations, including airbases. Currently we are considering S. 3756, the fiscal year 1959 military construction authorization bill. Two items are included in the bill; one for the Navy in the amount of approximately \$18 million, and one close to \$20 million for the Air Force. These authorizations if approved are to be utilized in the expansion of Andrews Air Force Base and the John Tower Air Facility located at Andrews. The services have indicated that they propose eventually to move their flying operations from Bolling and Anacostia fields.

For some time I have been gravely concerned about the problems arising from the multiple utilization of airspace by military and civilian aircraft. It is obvious that the air space problem in Washington is becoming more and more acute, even as it is in many other parts of the country. I feel strongly, and I know that other committee members agree with me, that Congress can no longer approve the establishment or expansion of military air facilities in heavily populated centers without covering thoroughly the airspace problem.

A few days ago we took preliminary testimony from Navy and Air Force witnesses concerning their plans to move air operations from Bolling and Anacostia. At that time the witnesses indicated that they proposed to move as soon as the construction of adequate facilities at Andrews were completed. One witness indicated that such a move might be as late as the first quarter of the calendar year 1963 before Bolling and the MATS terminal at National Airport would cease to be used. The earliest possible date mentioned in the testimony was some time late in 1960. I cannot help feeling that this is not early enough.

We all understand that the services have many military requirements constituting the operation of aircraft in the Washington area, but I have come to the conclusion that regardless of these requirements some additional vigorous and prompt action must be taken immediately to ease the situation, even if it means that on a temporary basis we must find substitute solutions to meet the requirements of the military.

In 1957, there were 280,000 flights from National Airport, of which 7,700 were MATS aircraft. At Bolling there were 42,000; at Anacostia, 72,000. Andrews also was a busy airport with 222,000 flights. This makes a total of about 626,000 aircraft operations in the Washington area annually of which, if these figures taken from the testimony are correct, only a little more than 270,000 were civilian. These figures sound fantastically high; but they are taken di-

rectly from testimony given the committee on May 26, so I assume they are correct—at least accurate enough to indicate the magnitude of the problem.

Today, I asked Gen. E. R. Quesada, Special Assistant to the President, Chairman of the Airways Modernization Board, and Chairman of the Air Coordinating Committee, to appear before the subcommittee and discuss the problem. We found General Quesada highly informed on the subject and most cooperative. We indicated to General Quesada that we wanted not only a temporary solution for the interim period, but also a permanent one predicated on long-range planning.

I suggested to General Quesada that he check with the services involved, and review the possibility of immediately moving certain of the proficiency and other military flying operations from the Washington area to outlying areas, even if such required conditions which would not be considered satisfactory to meet all military requirements over a long period of time. General Quesada readily agreed to make such an investigation, and promised to give the Committee a report within the next 10 days.

Mr. President, it becomes increasingly obvious that we must soon find a definite solution to the airspace congestion which in the past few months has resulted in so many tragic fatalities. I cannot help but feel that many of those disasters could have been avoided through long-range planning. It seems clear that we must move as many of these flying activities as possible away from our cities and congested areas, in accordance with a master plan. I make these remarks both to emphasize the problem once more and to indicate that something should be done about it. I call on the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force to give every cooperation to General Quesada in his survey, and to move with all possible dispatch.

I suggest that immediate arrangements be made to lessen the area's air traffic—even if that requires the transportation of pilots to other fields, such as Patuxent or Norfolk, for their proficiency flying. This was one of the main items we asked General Quesada to weigh.

Mr. President, we look forward with great interest to his report in 10 days' time.

PROGRAM OF GRANTS-IN-AID TO REPUBLIC OF THE PHILIPPINES FOR HOSPITALIZATION OF CER- TAIN VETERANS

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate a message from the House in connection with House bill 6908, a bill to authorize modification and extension of the program of grants-in-aid to the Republic of the Philippines for the hospitalization of certain veterans, and for other purposes.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the

Senate to House bill 6908, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.
May 28, 1958.

Resolved, That the House agree to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 to the bill (H. R. 6908) entitled "An act to authorize modification and extension of the program of grants-in-aid to the Republic of the Philippines for the hospitalization of certain veterans, to restore eligibility for hospital and medical care to certain veterans of the Armed Forces of the United States residing in the Philippines, and for other purposes" and concur therein; and

That the House disagree to the amendment of the Senate numbered 3.

Mr. JOHNSON of Texas. Mr. President, the House has agreed to all Senate amendments to this bill but one. That amendment deals with eligibility standards of veterans.

With the approval of the minority leader, and the chairman and ranking minority member of the Committee on Labor and Public Welfare, I now move that the Senate recede from its amendment numbered 3.

The motion was agreed to.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. KNOWLAND. Mr. President, I send to the desk an amendment, and ask that it be read for the information of the Senate.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 48, line 4, before the comma, to insert the words: "furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States."

Mr. KNOWLAND. Mr. President, my amendment is not printed, but it is very brief, and I shall read it in order that Senators may follow it.

On page 48, line 4, before the comma, it is proposed to insert the words: "furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States."

The background of this amendment is that in the House the committee had inserted certain language in the bill. When it reached the floor the so-called Sikes amendment was adopted, reading as follows:

Such regulations shall prohibit the return to the United States (other than for the Armed Forces of the United States and its allies) of any military arms or ammunition furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States.

When the bill came before the Committee on Foreign Relations there was a considerable amount of discussion. The distinguished Senator from Massachusetts [Mr. KENNEDY] offered some language which was finally included, after

considerable discussion. It reads as follows:

Such regulations shall prohibit the return to the United States for sale in the United States, other than for the Armed Forces of the United States and its allies, of any military firearms of United States manufacture whether or not advanced in value or improved in condition in foreign countries. This prohibition shall not extend to small arms and ammunition which have been changed and so substantially transformed as to become articles of foreign manufacture.

This amendment comes at the end of section 414 (b), and it relates to munitions control.

I think it is fair to say that most Members of the committee were very much impressed by the arguments of the Senator from Massachusetts in relation to any arms which had been furnished under the Mutual Aid Act or any of its predecessors.

There was considerable sentiment in the committee—though it does not finally reveal itself in the language which was reported to the Senate—to the effect that in dealing with other arms we were dealing with a subject which should come before the Senate Finance Committee or other appropriate committee of the Senate dealing with foreign trade. It was felt that it was not a matter which should be dealt with in connection with the mutual-aid program.

I should like to address an inquiry to the distinguished chairman of the committee, the Senator from Rhode Island [Mr. GREEN], to see whether, under the circumstances, he could accept the amendment and take it to conference.

Mr. GREEN. I shall be glad, on behalf of the committee, to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

The amendment was agreed to.

Mr. BRIDGES. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire will be stated.

The CHIEF CLERK. On page 35, line 3, immediately after "Sec. 5." it is proposed to insert "(a)".

On page 35, between lines 12 and 13, it is proposed to insert the following new subsection:

(b) Section 143 of the Mutual Security Act of 1954, as amended (which relates to assistance to Yugoslavia), is amended to read as follows:

"SEC. 143. Prohibition of assistance to Yugoslavia and Poland: Notwithstanding any other provision of law, no assistance shall be furnished under this act to Yugoslavia or Poland after the expiration of 60 days following the date of the enactment of the Mutual Security Act of 1958."

Mr. BRIDGES. Mr. President, this is a very simple amendment. I do not see any reason for a great deal of discussion of it. Members of this body know whether they approve or do not approve rolling out the red carpet and strengthening Communist governments such as Yugoslavia and Poland. I am against

communism wherever it exists. It is a menacing international conspiracy. For that reason I propose shutting off any future aid to Yugoslavia and Poland.

Mr. President, I could discuss the amendment for hours; but I have stated the main issue. I think all Senators know the story. I rest my case there.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I have prepared on this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRIDGES

The Congress of the United States is once again faced with the question of foreign-aid policies and programs.

Since adjournment last August, a number of events directly bearing on this question have occurred. Those relating to Yugoslavia and Poland are the concern of my remarks at this time.

As I understand State Department policy, it is to grant aid to Yugoslavia and Poland as a calculated gamble, hoping those governments will assert independence from the U. S. S. R. The administration contends it is to our best interest to encourage national communism which would thereby crack the solid wall of the Soviet bloc.

Events of the past few months hardly endorse this reasoning. On the contrary only last November Tito called it a "stupidity" to assert either Yugoslavia or Poland was cultivating national communism. He said they are not.

Gomulka has called for greater ties with the Soviet and signed the November Communist communique which reaffirmed the international nature of the Communist movement.

Poland voted more often against the United States position in the session of the UN General Assembly last fall than Russia did.

Poland and Yugoslavia voted against the UN resolution condemning the Soviet Union for its action against the Hungarian people in the freedom revolt.

Poland voted against a resolution urging admission of South Korea to the United Nations. Yugoslavia abstained.

Poland voted against a U. N. resolution urging unification of Korea. Yugoslavia abstained.

Yugoslavia formally recognized Communist East Germany. Poland has had diplomatic relations with East Germany since the latter government was set up.

Poland attended the Russian 40th anniversary celebration in Moscow last November. Tito did not, but he called for full unity of all socialist—meaning Communist—forces.

Nevertheless in less than a year, the United States had extended \$193 million in aid to Poland.

And Yugoslavia continues to receive American assistance.

There are some people who sincerely contend that Tito's brand of communism is not the dangerous brand of communism that Khrushchev's is.

There are some people who contend the Gomulka government represents a move for Polish independence from Moscow.

I should like to remind the Members of the Senate and the people of the United States of statements made by both Tito and Gomulka that clearly and firmly show that Tito and Gomulka are dyed-in-the-wool Communists and that they do not consider there is any such thing as national communism.

I have in my hand a pamphlet prepared by the Legislative Reference Service of the Library of Congress at the direction of the House Un-American Activities Committee.

This pamphlet gives historical data on Tito and on Gomulka. It is dated October 11, 1957, and so is fairly up to date.

The very first sentence regarding Tito quotes the dictator of Yugoslavia as summing up his life in one sentence. Tito declared "I am a Communist and nothing but a Communist."

If Tito says he is a Communist, we should take him at his word; and, I might add, that is one of the few statements Tito has made which I consider reliable.

The House Un-American Activities Committee pamphlet continues:

"Tito is a part of the world Communist movement. The clash with Stalin in 1948, it is true, forced Tito's reorientation in foreign affairs (reconciliation with Greece, acceptance of military and economic aid from the Western Powers, etc.) but in no fundamental way did it alter his political faith. This dispute with Stalin was primarily a personal affair, a power struggle between two dictators, and not a disagreement on the general tenets of Marxism-Leninism.

"Tito never denied the 'validity' and 'truth' of Communist doctrine, but he contested Stalin's right to impinge upon his own domain and Stalin's refusal to tolerate 'little Stalins'."

Referring to a 1957 interview, the pamphlet states that Tito acknowledged there was "some difference" between communism in Yugoslavia and the U. S. S. R. He hastened to add that "there are not big, ideological differences.

He said further, according to the pamphlet, that "we have the same aim—that is to say—the building of socialism and communism."

According to the House Un-American Activities Committee pamphlet, Tito and Gomulka met in 1957 and reaffirmed their ties to Moscow without reservation. Here are the exact words:

"At the end of his recent conferences with Premier Gomulka of Poland, Tito and the Polish dictator again reaffirmed their ties to Moscow without reservation.

"When the United Nations General Assembly voted overwhelmingly to condemn Russia for the bloody reprisals against the Hungarian patriots, both Poland and Yugoslavia dutifully voted against such condemnation."

In conclusion, the pamphlet declares:

"Before, during, and after World War II, Tito has invariably shown himself to be a dedicated Communist. A powerful ideological affinity binds him firmly to his Communist brethren. During the last few years, in fact, he has clearly moved closer to a political alignment with Moscow. Tito's general philosophy of life, the nature of his regime, and his inflexible commitment to communism all militate against a lasting rift with the Kremlin."

Now, I should like to read excerpts from the same pamphlet issued by the House Un-American Activities Committee regarding Premier Gomulka of Poland. I quote:

"Gomulka does not have any intention of abandoning the Communist system; on the contrary, while his 'road to socialism' may differ from the Russian one, it is still a road to socialism. Although he has made a few adjustments to the local situation in Poland, he insists upon carrying out the tenets of Marxism-Leninism, a position which simply means that the problems he faces will never be solved as long as he or any other Communist is in power.

"Gomulka has made his position abundantly clear. He denies being a 'national Communist,' stating that this concept is an American invention.

"To prove this, he emphasizes that his program includes the main aims of every Communist Party, which he describes as

"(1) the seizure of power by the Communists;

"(2) the establishment of a Communist dictatorship;

"(3) nationalization of industry, collectivization of agriculture, and the establishment of a planned economy; and

"(4) promotion of international communism in foreign affairs."

Let us consult Mr. Gomulka's own words. According to the Un-American Activities pamphlet I have here, Gomulka has said:

"There are only 2 camps, 2 roads—the road to socialism represented by the Soviet Union, and the road to capitalism and imperialism represented by the United States.

"I realize very well where the future of the Polish nation and of the Polish working class lies—it is not with the West."

I call the attention of the Members of the Senate to this further statement of Gomulka:

"If there is anyone who thinks that it is possible to kindle anti-Soviet moods in Poland, then he is deeply mistaken. No attempt to sow distrust of the Soviet Union will find a response among the people of Poland."

Mr. President, I take these statements at full face value. I think the American people should take them at full face value.

We made the great mistake of not taking Hitler at his word. Let us not make that mistake again.

Mr. President, I urge adoption of the pending amendment to deny aid to Yugoslavia and Poland.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

Mr. BRIDGES. I ask for the yeas and nays.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BRIDGES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

Mr. BRIDGES. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the distinguished senior Senator from Florida [Mr. HOLLAND]. If he were present and voting, he would vote "nay;" if I were permitted to vote I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the

Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD] would vote "yea."

On this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Delaware [Mr. FREAR] would vote "yea" and the Senator from Montana [Mr. MURRAY] would vote "nay."

On this vote the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from South Carolina [Mr. JOHNSTON] would vote "yea" and the Senator from Arizona [Mr. HAYDEN] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPPLE] are absent on official business.

The Senator from New Hampshire [Mr. CORTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

The Senator from Wyoming [Mr. BARRETT] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Kentucky would vote "nay."

The Senator from New Hampshire [Mr. CORTON] is paired with the Senator from New York [Mr. IVES]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from New York would vote "nay."

The Senator from Kansas [Mr. SCHOEPPLE] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 22, nays 54, as follows:

YEAS—22

Bricker	Ervin	Russell
Bridges	Goldwater	Smith, Maine
Butler	Hruska	Talmadge
Capehart	Jenner	Thurmond
Chavez	Jordan	Williams
Curtis	Knowland	Young
Dworschak	Malone	
Eastland	Potter	

NAYS—54

Alken	Gore	McNamara
Allott	Green	Monroney
Anderson	Hennings	Morse
Beall	Hickenlooper	Morton
Bennett	Hill	Mundt
Bible	Hobblitzell	Neuberger
Bush	Humphrey	Pastore
Carlson	Jackson	Payne
Carroll	Javits	Proxmire
Case, N. J.	Johnson, Tex.	Purtell
Case, S. Dak.	Kefauver	Smathers
Church	Kennedy	Smith, N. J.
Clark	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Symington
Ellender	Magnuson	Thye
Flanders	Mansfield	Watkins
Fulbright	Martin, Iowa	Wiley

NOT VOTING—20

Barrett	Cotton	Holland
Byrd	Frear	Johnston, S. C.
Cooper	Hayden	

Kerr	Murray	Saltonstall
Long	O'Mahoney	Schoeppel
Martin, Pa.	Revercomb	Yarborough
McClellan	Robertson	

So Mr. BRIDGES' amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendment designated "6-5-58-D" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 63, between lines 4 and 5, it is proposed to insert the following:

(1) Amend subsection (h) to read as follows:

"(h) The term 'value' means—

"(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

"(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I, which are taken from the mobilization reserve, or which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the average gross cost of each unit of that equipment and materials owned by the furnishing agency, adjusted as the Secretary of Defense may determine to be appropriate for condition and market value, but in no instance shall such adjustment result in a price in excess of the average gross cost of such equipment and materials; and

"(3) with respect to any equipment or materials furnished under chapter 1 of title I, which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

"In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency."

On page 63, line 5, strike out "(1)" and insert "(2)."

On page 63, line 7, strike out "(2)" and insert "(3)."

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, before I discuss the pending amendment, I should like to review, for the benefit of my colleagues, the course of this country's foreign-aid program from its inception.

During and soon after the close of World War II, this Nation began a program of aiding peoples throughout Western Europe, the Middle East and the Far East, who were badly hurt, either financially or otherwise by the war. I assume that I am correct when I say that the United States is the only nation which ever fought a war, defeated its enemy, and then turned around and gave aid and assistance to its former enemies.

Mr. President, at this time I shall not go into the details of how such a course came about. My objective at this time is to describe how an aid program such as was started by this country after World War II could balloon into a being of mammoth expenditures.

It will be recalled that the first actual organization designed to furnish aid to destitute peoples which the United States established, with the assistance of some of our friends across the seas, was UNRRA, although prior to that time, we had given considerable aid on an emergency basis to the French, Italians, and other peoples of Western Europe. This aid, at the beginning, was devoted primarily to the relief of actual hardships. But soon relief grew into rehabilitation; and from rehabilitation we proceeded to reconstruction.

Mr. President, all of that was, in a measure, begun when UNRRA was established. Under that program, although we were acting in association with some countries of Western Europe, Uncle Sam paid 73 percent of the total spent.

In passing, I wish to say that soon after the war I visited many countries which had received aid through UNRRA. In particular, I remember going to Ethiopia. There, I saw more than 2,000 disk plows and many tractors stacked up, and which were never used. Those disk plows and tractors could have been of value to the United States; but we deprived ourselves of them, in order to make them available to our friends who had been hurt by a cruel war. However, the manner and method in which UNRRA was administered remind me a good deal of the way in which later programs have been administered. There was then, and there has been since, decided waste in all these programs, as I have pointed out on many occasions.

Up to the dissolution of UNRRA, United States expenditures amounted to approximately \$9 billion in grants and from seven to eight billion dollars in loans. It is my sincere hope some of this will be repaid. This was the cost as the UNRRA program began as a relief program, as I have just stated and then moved into the field of rehabilitation.

When it was found that our friends, who had contributed some funds to UNRRA, would not put up any more for the new field of reconstruction, then it was that big-hearted Uncle Sam was asked to carry the entire load. Soon after was born the well-known Marshall plan.

I wish Senators would listen, and I hope those who are not present will read the RECORD, so they can find out exactly what kind of a program that great general, George Catlett Marshall, asked us to embark upon.

Mr. President, I have no apologies to make for the vote I cast in favor of that original program. If I had it to do over, I would vote for it again, because its original concept made sense.

It was to assist our friends across the seas who had been hurt by a most cruel war.

What did General Marshall say about what was to become known as the Marshall plan?

In discussing the plight in which Europe found itself at that time, General Marshall said:

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no po-

litical stability and no assured peace. Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos.

Its purpose should be the revival of a working economy in the world so as to permit the emergence of social and political conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative.

General Marshall continued:

It would be neither fitting or efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the European. The initiative, I think, must come from Europe.

That is what General Marshall had in mind. That is what I had in mind when I voted for the original Marshall plan.

Let me also quote from General Marshall's statement before the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. He said:

Loans should be made to cover—

Remember, he said loans.

Loans should be made to cover imports of capital equipment and raw materials which will directly produce the means of repayment and where such repayment can reasonably be expected. At the same time every encouragement should be given to early initiation of private financing so as to eliminate as far as possible the necessity for direct assistance from the United States Government.

That was General Marshall speaking. He said further:

It is obvious that the basic responsibility for European recovery rests on the European countries themselves.

Again, that was General Marshall speaking.

However, this Government must have assurance that the aid it provides is effectively utilized for the achievement of European recovery as rapidly as possible.

Mr. President, there was little difficulty in securing congressional approval of such a program. Nor was there much objection on the part of the people of the United States in undertaking a program of that character. But it was not long before the principles enunciated by General Marshall were simply neglected. His advice was not followed. We proceeded on a program that has deviated entirely from the proposals I have just read?

Mr. President, what was the objective of the Marshall plan? I repeat:

The objective of the European recovery program submitted for your consideration is to achieve lasting economic recovery for Western Europe; recovery in the sense that after our aid has terminated, the European countries will be able to maintain themselves by their own efforts on a sound economic basis.

Again, that was General Marshall speaking, this time before the Senate Committee on Foreign Relations, January 8, 1948. But, Mr. President, through December of 1957 we have spent more than \$50 billion on aid programs. The Marshall plan was to last not over 5 years, and the amount we were to spend

was not to exceed from \$15.1 billion to \$17.8 billion.

Again, I quote the author of that program, reading from page 6 of the hearings before the Committee on Foreign Relations, United States Senate, under date of January 8. What did General Marshall say?

The total estimated cost of the program is now put at somewhere between \$15.1 billion and \$17.8 billion. But this will depend on developments each year, the progress made, and unforeseeable variations in the weather as it affects crops. The overall cost is not capable of precise determination so far in advance.

Mr. President, let us see what the first administrator of this program, Mr. Paul Hoffman, had to say about it. Appearing before the Senate Committee on Appropriations on June 8, 1949—I was there when he testified—Mr. Hoffman said, as is found on page 35 of the hearings:

I would like to make one final point. It may at first glance seem paradoxical, but I look upon the European recovery program as our best hope for bringing Government spending down to a point where taxes will not be so oppressive, to a level at which our free economy is not endangered.

Now listen to this:

I say this because I see no way in which our tax burden can be reduced substantially unless the threat of war and the consequent necessity for maintaining an abnormal military establishment is reduced. This economy cannot go on indefinitely spending \$15 billion or more a year for military defense.

The surest way I know of to reduce the danger of war so that we may reduce our Military Establishment is to carry on the recovery program to the point where a free and self-sustaining and unified Europe is able to play its full role in cooperation with the United States and other free countries in maintaining the peace and prosperity of the world.

That was what Mr. Hoffman said when ECA came before us for their third year's appropriation.

Let me point up what Mr. Hoffman stated was the goal at that time.

Senator Cordon asked:

Now, Mr. Hoffman, let us assume success at the end of 1952. Let us assume that your target, which I believe is 130 percent of prewar production, has been achieved at that time.

And Mr. Hoffman answered:

I think the goal is a little less than that. I think it is about 125 percent, Senator.

In other words, Mr. Hoffman indicated that the moment the industrial

capacity of Europe could be increased by 25 percent above prewar levels the goal would be reached and we could move out.

We reached that goal at the end of the third year, yet we have kept the program going until the industrial capacity of Europe today averages in excess of 168 percent of prewar capacity.

Mr. President, with all that aid, with all the prosperity which we have brought to the countries of Western Europe in the hope, as Mr. Hoffman said, that they would assist us in our quest for peace, they have not done so. I say to the Senate that today at the end of the 10th year of the so-called Marshall aid program, conditions are worse insofar as our relations with our ultimate enemy, Russia, are concerned, than at any time in the past 10 years. It looks as though the more money we spend and give away to our friends the worse conditions become.

As I pointed out a moment ago, this program of grants and credits up to December 31, 1957, has cost the United States \$62,144,000,000. Of this total net grants amount to \$51 billion.

Mr. President, if we had followed the principles which were outlined by General Marshall, and had tried to help people help themselves, we might have gotten somewhere. But this program has simply been administered in such a way that we now can hardly break away from it overnight. The people whom we have helped for the past 10 years now seem to be dependent on us. They will not make the moves they should. What are they doing to help us in an attempt to attain peace in Asia or in the Middle East? Instead of assisting us, they are harming our chances for peace.

Senators will remember that last year, during the Suez Canal crisis, England and France, without notifying us—without saying anything to us—proceeded to attack Egypt and caused a lot of harm and damage. Was it not a sad state of affairs, after we had assisted them to the extent we had, for us to have to side with Russia on the question involved?

What is happening today in north Africa? Troops and materials of war which we sent abroad in order to form that shield against aggression, about which we hear so much, were used and are being used in north Africa to further France's dreams of maintaining colonial empire.

Mr. President, when NATO was organized, we envisioned 66 divisions at

first for Western Europe alone, not including Turkey and Greece. Thirty-six of those were to be in the reserve and 30 were to be active divisions. What is the figure now? It is now down to 12 or 14 divisions, and a few of those are still paper divisions. Almost half the active divisions now in Europe are American. Yet, England is pulling out troops, and is also lowering taxes. Everybody knows what has happened in France in recent days.

With all that, Mr. President, we are still carrying on a program of assistance to those people, notwithstanding the fact that they now are better off economically than they have ever been in the past. Production in Europe is the highest in the history of France, England, or Germany.

As I shall point out later, when I speak to the amendment I intend to offer for a specific cut in military aid, a very great amount of money will be spent among those friends of ours in Western Europe who are supposed to be of assistance to us in carrying the load. Our friends were supposed to do all this on their own, but instead, Mr. President, we are being called upon again to assist. As I have said on many occasions, so long as we let them lean on our shoulder, believe me, they will lean.

Mr. President, all of us love this country of ours, and we know it cannot afford to spend at the rate it is spending.

Mr. Hoffman said in his statement in 1949 that we could not afford to spend \$15 billion a year on defense. We are now spending over \$40 billion a year, and that may continue indefinitely. As surely as I am speaking today, if we continue to spend at our current rate and spread ourselves as we are now doing, we are going to bring to our own shores the very thing we are fighting against, namely, some kind of "ism."

Mr. President, I do not wish to take the time of the Senate to go into detail on these expenditures, although I have the details before me.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table indicating the expenditures of the United States on foreign-aid programs. This table shows grants and loans and the programs for which they were disbursed.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—Summary of foreign grants and credits—By program:¹ Postwar period, July 1, 1945, through Dec. 31, 1957; calendar year ended Dec. 31, 1956; and calendar year 1957 (by quarter)

[Millions of dollars]

	Total postwar period	Calendar year 1956	Calendar year 1957			
			Total	January-March	April-June	July-September October-December
Net grants and credits.....	62,144	4,358	4,451	1,011	1,232	8001,407
Net grants (less conversions).....	50,948	4,383	4,104	1,017	1,333	810945
Gross grants.....	54,965	4,459	4,184	1,037	1,356	826964
Mutual security.....	40,339	4,214	3,921	974	1,271	767908
Military aid:						
Military supplies and services ²	18,977	2,571	2,396	591	800	449557
Multilateral-construction program contributions.....	449	68	64	21	20	1311

Footnotes at end of table.

TABLE 1.—Summary of foreign grants and credits—By program:¹ Postwar period, July 1, 1945, through Dec. 31, 1957; calendar year ended Dec. 31, 1956; and calendar year 1957 (by quarter)—Continued

[Millions of dollars]

	Total postwar period	Calendar year 1956	Calendar year 1957				
			Total	January-March	April-June	July-September	October-December
Net grants (less conversions)—Continued							
Gross grants—Continued							
Mutual security—Continued							
Other aid (economic and technical assistance):							
Famine and other urgent and extraordinary relief.....	371	109	60	16	8	17	18
Other ^{2 4}	20,542	1,465	1,400	347	443	288	323
Civilian supplies.....	5,861	4	2	1	(⁵)	1	1
UNRRA, post-UNRRA, and interim aid.....	3,443						
Lend-lease.....	1,906						
Military..... M	679						
Postwar pipelines.....	1,227						
Greek-Turkish aid.....	653						
Military..... M	530						
Other.....	122						
Philippine rehabilitation.....	635						
Surplus agricultural commodities through private welfare agencies ⁶	680	186	166	38	53	33	42
Military equipment loans ⁷ M	383	23	57	18	22	17	
Chinese military and naval aid..... M	261						
Inter-American programs.....	201	10	19	4	6	5	4
Other.....	603	22	19	2	4	4	9
Less prior grants converted into credits.....	2,257	1					
Less reverse grants and returns.....	1,760	75	79	21	23	16	19
Mutual security foreign currency funds.....	1,009	72	79	21	23	16	19
Military aid collections (for administrative expenses)..... M	69	16	12	3	2	3	4
Other aid (economic and technical assistance) counterpart funds.....	940	56	67	17	22	13	15
Reverse lend-lease.....	133						
Cash war-account settlements for lend-lease and other grants.....	120	(⁵)					
Return of lend-lease ships.....	490						
For military use..... M	189						
For economic value.....	301						
Return of, and cash settlements for, civilian supplies.....	4	3					
Return of military equipment loans ⁷ M	4						
Net credits (including conversions).....	11,196	-25	346	-6	-101	-9	463
New credits.....	13,763	484	980	120	122	153	585
Export-Import Bank (for own account).....	5,446	233	667	61	70	67	469
Direct loans.....	5,145	223	639	59	70	83	427
Loans through agent banks.....	301	10	28	2	(⁵)	Cr 16	42
British loan.....	3,750						
Mutual security ²	2,492	229	313	59	52	85	117
Surplus property (including merchant ships).....	1,492	6					
Lend-lease (excluding settlement credits).....	71						
Other.....	513	15	1	1	(⁵)	(⁵)	(⁵)
Plus prior grants converted into credits.....	2,257	1					
Less principal collections.....	4,824	509	634	125	224	162	123
Export-Import Bank (for own account).....	2,675	266	318	85	79	75	80
Direct loans.....	2,342	220	308	82	75	73	79
Loans through agent banks.....	333	46	10	3	4	2	1
British loan.....	280	49					
Mutual security ²	94	24	34	3	15	7	9
Surplus property (including merchant ships).....	641	65	92	21	19	35	17
Grants converted into credits.....	152	20	13	1	(⁵)	12	(⁵)
Lend-lease (excluding settlement credits).....	308	71	163	15	109	28	12
Other ²	675	13	13	(⁵)	2	5	5

¹ Grants are transfers for which no payment is expected (other than a limited percentage of the foreign currency "counterpart" funds generated by the grant), or which at most involve an obligation on the part of the receiver to extend aid to the United States or other countries to achieve a common objective. Credits are loan disbursements or transfers under other agreements which give rise to specific obligations to repay, over a period of years, usually with interest. In some instances assistance has been given with the understanding that a decision as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Such credits, cannot, as a rule, be deducted from specific grants recorded in previous periods, an adjustment for grants converted into credits is made at the time of agreement. All known returns to the U. S. Government stemming from grants and credits, other than interest, are taken into account in net grants and net credits. The measure of foreign grants and credits generally is in terms of goods delivered or shipped by the U. S. Government, services rendered by the U. S. Government, or cash disbursed by the U. S. Government to or for the account of a foreign government or other foreign entity. The Government's capital investments in the International Bank (\$635 million), International Finance Corporation (\$35 million), and International Monetary Fund (\$2,750 million) are not included in these data although they constitute an additional measure taken by this Government to promote foreign economic recovery and development. Payments to these three institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the managements of the institutions, in some instances subject to certain controls which can be exercised by the U. S. Government.

Further definition and explanation of these data are contained in the Foreign Aid supplement to the Survey of Current Business, published November 1952, and in the explanatory notes to the appendixes of the National Advisory Council on International Monetary and Financial Problems semiannual reports to the President and to the Congress.

² Includes foreign currencies which were obtained through sale of agricultural commodities under title I of the Agricultural Trade Development and Assistance

Act (Public Law 83-480, as amended) and which were available under secs. 104 (c) (d), (e), and (g) for expenditure without charge to a dollar appropriation.

³ Includes mutual security program aid for common use items which are to be used by military forces of nations receiving assistance, and for direct forces support, when such assistance provided under (repealed) secs. 123 and 124 of Public Law 83-665, as amended, was administered in accordance with Chapter 1: Military Assistance, of title I of that act. Cash transfers are included in "Other aid (economic and technical assistance)"; see footnote 4.

⁴ Includes mutual security program aid for economic, development, relief, and technical assistance, including aid for these purposes from military aid appropriations. Also includes mutual security program aid from appropriations for common-use items which are to be used by military forces of nations receiving assistance, and for direct forces support, when such assistance under (repealed) secs. 123 and 124 of Public Law 83-665 was administered in accordance with Chapter 3: Defense Support, of title I of that act. Also includes transfers of funds for forces support (for example, in Cambodia, Laos, and Vietnam (and forces of France located in such states)) and in support of production for forces support.

⁵ Less than \$500,000.

⁶ Includes donations through United Nations Children's Fund under authority of sec. 416 of Public Law 81-439, as amended by title III of Public Law 83-480.

⁷ "Military equipment loans" are included in this report as part of military grants; these "loans" are essentially transfers on an indeterminate basis, generally requiring only the return of the identical item, if available. In essence this was the requirement pertaining to wartime lend-lease transfers of watercraft, which were included as grant transfers in these data.

⁸ Values for deliveries of materials in payment of principal reported as collected by the General Services Administration on deficiency and strategic materials development loans are in some instances estimated when first reported. Reported data have been adjusted to eliminate obvious (negative) bookkeeping adjustments as final values are recorded.

NOTE.—Programs identified by M are included in "Military grants" in table 2.

Mr. ELLENDER. As I have indicated, we made loans to various countries. I hope some of the loans will be repaid. I have high hopes that particularly the Export-Import Bank loans will be repaid. I ask unanimous consent to have printed in the RECORD at this point as a

part of my remarks a table showing the status of the Export-Import Bank from February 1934, the time it was organized, to December 1957, inclusive. There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT B
EXPORT-IMPORT BANK
Cumulative statement of loans and authorized credits, February 1934 to December 1957, inclusive

	Area		Amount
Authorization.....			\$8,959,418,211.64
Authorizations taken over by others, without recourse to Export-Import Bank:			
Latin America.....	\$28,376,568.27		
Europe.....	168,018,795.63		
Asia.....	14,000,000.00		
Cancellations and expirations.....			210,395,363.90
			1,377,216,659.80
	Export-Import Bank funds	Disbursed by others at Export-Import Bank risk	Amount
Disbursements.....	\$5,457,166,344.04	\$482,910,221.15	\$5,940,076,565.19
Repayments.....	2,520,759,667.38	434,774,427.99	2,955,534,095.37
Outstanding loans.....	2,936,406,676.66	48,135,793.16	2,984,542,469.82
Authorizations not disbursed.....			1,431,729,622.75
Total of outstanding loans and balance of authorizations not disbursed.....			4,416,272,092.57
Lending authority assigned by bank under provisions of Public Law 30, 83d Cong., for cotton insurance.....			50,000,000.00
Uncommitted lending authority.....			533,727,907.43

Mr. ELLENDER. We recently increased the borrowing capacity of the Export-Import Bank by \$2 billion. As I recall, the bank started with a mere \$250 million. The figure is now up to \$7 billion of credit.

This corporation is owned entirely by the Federal Government. It has a capital of \$1 billion, with \$6 billion additional for lending purposes.

Aside from that, we are heavy subscribers to the International Finance Corporation, another institution which was created in order to assist people who were in distress because of war. In that institution, with a capital subscription stock of \$92 million, we have \$35,168,000, or 38 percent of the stock, which we subscribed in order to assist countries in rehabilitating themselves.

I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a table showing a statement of subscriptions to capital stock and voting power as of September 10, 1957, in the International Finance Corporation.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT C
INTERNATIONAL FINANCE CORPORATION
Statement of subscriptions to capital stock and voting power, Sept. 10, 1957

Member	Subscriptions		Voting power	
	Amount (in thousands of dollars)	Percent of total	Number of votes	Percent of total
Australia.....	2,215	2.40	2,465	2.34
Austria.....	554	.60	804	.76
Belgium.....	2,492	2.70	2,742	2.61

Footnotes at end of table.

EXHIBIT C—Continued
Statement of subscriptions to capital stock and voting power, Sept. 10, 1957—Con.

Member	Subscriptions		Voting power	
	Amount (in thousands of dollars)	Percent of total	Number of votes	Percent of total
United Kingdom.....	14,400	15.58	14,650	13.93
United States.....	35,168	38.04	35,418	33.67
Venezuela.....	116	.13	366	.35
Totals.....	92,446	100.00	105,196	100.00

¹ The subscription of Egypt has not been paid, having been due since Aug. 23, 1956.
² Less than 0.005 percent.

Mr. ELLENDER. That is not all. In order further to assist foreign countries, we have Public Law 480, which is the act which gives the Commodity Credit Corporation authority to sell surplus farm commodities abroad. Through that medium Europe will receive \$160,500,000 in 1959. Countries which already are prosperous will receive vast sums by way of gifts and loans on a long-term basis. Africa will receive \$3,200,000. The Near East and South Asia will receive \$433,500,000; the Far East, \$93,500,000. There will be retained, for sale and disposal to countries which have no defense program, \$360 million. How that will be distributed no one knows as yet.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as part of my remarks an exhibit showing, for the fiscal year 1959, an estimate of the Public Law 480 operations.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT D
Public Law 480 estimate fiscal year 1959

Europe.....	\$160,500,000
Africa.....	3,200,000
Near East and South Asia.....	433,500,000
Far East.....	93,500,000
Reserved for countries not proposed for defense support or special assistance in fiscal year 1959.....	360,000,000
Total.....	1,050,700,000

Mr. ELLENDER. Mr. President, this aid program has been pyramiding from year to year. The President has asked the Congress to make available \$3.9 billion in new funds for foreign aid, through the bill we are now considering.

In addition, as I have just pointed out, we have increased the capital stock of the Export-Import Bank to the tune of \$2 billion to make loans to our friends.

What is more, under Public Law 480, there has been an increase of \$500 million in the authority for sales for the current fiscal year, for a total of \$2 billion during the current year. It is true that the bill is still pending in the House, but that is what the Senate has done. I am sure the House will agree to it.

If we add all these items together, we see that for the coming fiscal year there will be available, by way of grants, loans, gifts, and sales on easy terms of surplus farm commodities, almost \$8 billion. And this is what we are confronted with

EXHIBIT C—Continued
Statement of subscriptions to capital stock and voting power, Sept. 10, 1957—Con.

Member	Subscriptions		Voting power	
	Amount (in thousands of dollars)	Percent of total	Number of votes	Percent of total
Bolivia.....	78	.08	328	.31
Brazil.....	1,163	1.26	1,413	1.34
Burma.....	166	.18	416	.40
Canada.....	3,600	3.89	3,850	3.66
Ceylon.....	166	.18	416	.40
Chile.....	388	.42	638	.61
Colombia.....	388	.42	638	.61
Costa Rica.....	22	.02	272	.26
Cuba.....	388	.42	638	.61
Denmark.....	753	.81	1,003	.95
Dominican Republic.....	22	.02	272	.26
Ecuador.....	35	.04	285	.27
Egypt.....	590	.64	840	.80
El Salvador.....	11	.01	261	.25
Ethiopia.....	33	.04	283	.27
Finland.....	421	.46	671	.64
France.....	5,815	6.29	6,065	5.77
Germany.....	3,655	3.95	3,905	3.71
Guatemala.....	22	.02	272	.26
Haiti.....	22	.02	272	.26
Honduras.....	11	.01	261	.25
Iceland.....	11	.01	261	.25
India.....	4,431	4.79	4,681	4.45
Indonesia.....	1,218	1.32	1,468	1.39
Iran.....	372	.40	622	.59
Iraq.....	67	.07	317	.30
Israel.....	50	.05	300	.28
Italy.....	1,994	2.16	2,244	2.13
Japan.....	2,769	3.00	3,019	2.87
Jordan.....	33	.04	283	.27
Lebanon.....	50	.05	300	.28
Luxembourg.....	111	.12	361	.34
Mexico.....	720	.78	970	.92
Netherlands.....	3,046	3.30	3,296	3.13
Nicaragua.....	9	.01	259	.25
Norway.....	554	.60	804	.76
Pakistan.....	1,108	1.20	1,358	1.29
Panama.....	2	(²)	252	.24
Paraguay.....	16	.02	266	.25
Peru.....	194	.21	444	.42
Philippines.....	166	.18	416	.40
Sweden.....	1,108	1.20	1,358	1.29
Thailand.....	139	.15	389	.37
Turkey.....	476	.51	726	.69
Union of South Africa.....	1,108	1.20	1,358	1.29

Footnotes at end of table.

today: With our heavy tax load remaining as it is to support this program, our friends are reducing theirs.

Anyone with commonsense should realize that we cannot afford to continue these huge expenditures without bringing to our own shores some kind of ism. If by maintaining excessively high taxes we destroy initiative in this country, we shall see what will happen.

Mr. President, one of the programs on which we are spending a few million dollars of this tax money is to teach the French, Italians, and others the fine points of salesmanship. They have learned fast. In any city in America today—I care not how small it is—we can see a great many French, Italian, and British cars. Many of the factories in which those cars are being manufactured were financed by taxes paid the very companies which are now in trouble in Detroit. That is what is happening.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CURTIS. The Senator is a distinguished lawyer with a long record of service. I should like to have him point out to me the provisions in the Constitution of the United States which authorize us to tax the American people to conduct salesmanship courses in foreign countries.

Mr. ELLENDER. Everything being done is supposed to be for defense; it is supposed to be for our protection and security.

Mr. CURTIS. Including salesmanship?

Mr. ELLENDER. That is the basis on which it was done.

Mr. CURTIS. I am familiar with that. However, calling it something does not make it so.

Mr. ELLENDER. I understand, but that is the basis for it. That would be the answer. I do not suppose a taxpayer would stand a ghost of a chance if he tried to stop it.

Mr. CURTIS. No; I do not believe he would. There would be no way for him to get into court. However, we have a responsibility.

Mr. ELLENDER. Certainly.

Mr. CURTIS. We have a responsibility to do only those things which are in accord with the power delegated to Congress by the Constitution.

Mr. ELLENDER. Yes. I have been arguing for the past 4 or 5 years that these programs should be tapered off. However, it seems that as the years go on, instead of tapering off, they increase. That is what is happening. What I wish to emphasize and reemphasize is that this program was begun with the idea of putting our friends in Western Europe on their feet, so that they could be of assistance to us and help us carry the load for the rest of the world. We were selfish in that regard let us admit it. That is why we did it. But as I have asked on many occasions on the floor of the Senate: Who is carrying the load in the Middle East, in southeast Asia, on Formosa, and in South Korea?

The United States has two divisions

in South Korea, according to the record. I believe two or three countries have representation in the honor guard. Who is footing the logistics bill for those troops? It is the U. N., through contributions that we make. In other words, aside from carrying our own load; paying expenses of feeding our soldiers there and providing defense support for the twenty-odd divisions of ROK troops—we are paying for all of that and receiving no help from anyone—we are paying to maintain the token forces which are there from Britain, Turkey, and from two or three other countries.

We have reached the point where it does not make any sense for us to keep on spending at our present rate. I could go on and on in discussing these programs. I am familiar with them. I have visited all the countries in the world but two. I have seen how these programs operate. I have made reports to the Senate. I made them last year and the year before, and I have been making reports to the Committee on Appropriations for the past 7 or 8 years. The reports of about 2 years ago are merely gathering dust, for aught I know. I made an earnest effort to show to my colleagues how these programs were being administered, and how the money was being spent. Yet with all I have shown, we are still spending at a greater rate than we have in the past; and instead of tapering off, the program is continuing to increase.

I wish now to address myself to the amendment which is pending, the so-called pricing amendment. In 1956 the Committee on Foreign Relations sought to change the method of pricing military hardware which was purchased by ICA for the mutual-security program for distribution throughout the world from Defense Department stocks. After a study, it was found that, instead of the Defense Department charging the actual gross cost of an article to the foreign-aid program, the program was being charged the replacement cost. Prior to the 1956 amendment, if an obsolete airplane, which originally cost \$200,000, was sold to MAP by the Defense Department for country X, and it was necessary for the Department of Defense to replace that obsolete plane, the foreign-aid program would be charged the full amount of the cost of the new plane, which may have been four times the cost of the obsolete aircraft. The General Accounting Office found that the price of some equipment charged to the mutual-security program was 170 percent of the original cost. Thus, the Department of Defense was able to obtain funds for the purpose of financing its procurement programs without review by the Congress.

The purpose of my amendment is to accomplish that which the committee desired to do with its amendment in 1956.

Let me read what the chairman of the Committee on Foreign Relations, the distinguished Senator from Rhode Island [Mr. GREEN], said when the matter came up in 1956. I read from page 11102 of

the CONGRESSIONAL RECORD of June 22, 1956. That was the year an attempt was made to change the law to prohibit the charge of replacement costs to the MAP. He said:

What actually has been happening, however, is that when these mutual-security funds are used to buy, for example, an F-84 jet fighter to be given to country X, the Air Force, which sells the jet fighter for the mutual-security people, uses the funds received to replace the F-84 with a later model aircraft—perhaps an F-104. In effect, then, a substantial part of the funds made available for what some people call foreign aid has been used to modernize the arms in the possession of our own Armed Forces. Indeed, the Armed Forces of this Nation have been charging the mutual-security funds, not for the price of the F-84 in my example, but they have been charging the price required to replace it, namely, the price for the F-104. The present Mutual Security Act, however, will change that situation.

An amendment to that effect was adopted in 1956. The law remained as it was, but there was added a so-called "notwithstanding clause," which reads as follows:

Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the mutual defense assistance program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or materials) shall mean—

- (1) The price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or
- (2) Where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

That was to mean, or so we thought, that the actual cost of the hardware in the hands of the armed services would be charged to the foreign-aid program. But pursuant to the "notwithstanding" clause which I have just read, here are the regulations issued by the Department of Defense, which are presently followed:

Standard prices shall be established for each item of material to include:

- a. The current purchase or production cost of the item at the time the price is established.

In other words, notwithstanding the fact that the views of Congress on this subject were pointed out to the armed services, the regulations from which I am reading reinstated the old practice of charging replacement costs instead of actual costs. The Department of Defense has not really sought to change its old method of pricing.

I believe that my amendment will bring about the change desired by the 1956 amendment. It will result in an equitable price being charged to the MAP, and consequently an adequate reimbursement to the furnishing agency. For example, let us assume that the Army sells to MAP a quantity of 200 of a certain type of tank. Let us further assume that the Army purchased a total of 1,500 of these tanks over a 3-year period as follows:

	Quantity	Unit cost	Total cost
1953-----	200	\$40,000	\$8,000,000
1954-----	500	60,000	30,000,000
1958-----	600	80,000	48,000,000
Total-----	1,300	-----	86,000,000

The average gross cost referred to in my amendment would be obtained by dividing the quantity of 1,300 into the total cost of \$86 million, and this would be the price charged to MAP, instead of the replacement cost of \$80,000.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CURTIS. As the Senator perhaps knows, I have consistently supported his efforts to reduce the amounts appropriated for mutual security.

Mr. ELLENDER. For that I am deeply appreciative.

Mr. CURTIS. What will be the net effect of the pending amendment upon the United States Treasury? If I understand correctly, it will reduce the amount expended by the administration for mutual security. Will that be to the disadvantage of the budget of the Defense Department? What will be the net effect?

Mr. ELLENDER. I will say that the net effect will be that the Committee on Appropriations will have absolutely no control over the money used to purchase these replacements for the various services. In other words, if the Department of Defense sold tanks or airplanes to the mutual-security program, they would not even have to use the money they obtained from foreign-aid appropriations for replacing tanks or airplanes. They could program it for anything they desire. They would not have to come before the Committee on Appropriations and justify their request, as is the case now when they want to purchase material. This is money they will take out of the foreign-aid program without having to account to the Committee on Appropriations—and the American people—as to how the funds are expended.

My proposal is that if, for instance, new planes are needed, the Department of Defense should come before the Appropriations Committee and justify their request.

If the amendment should be agreed to, it will accomplish the very thing which was intended in 1956, namely, to charge the mutual-security program the average cost of the materials sold it.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an item from the Mutual Security Act of 1956, beginning with section 545(g) and continuing through the paragraph identified as (2).

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1 of title I the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobiliza-

tion reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the mutual defense assistance program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability that the term "value" (except in the case of excess equipment or materials) shall mean—

(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the Defense Department directive which was issued following passage in 1956 of the amendment designed to end this practice of overcharging. To my mind this directive indicates that no change at all in Defense Department policy has been made. Their action is subject to the interpretation that they have defined standard prices to mean replacement prices.

There being no objection, the order was ordered to be printed in the RECORD, as follows:

2. Standard prices shall be established for each item of materiel to include:

(a) The current purchase or production cost of the item at the time the price is established.

(b) First-destination transportation costs. The expense of procurement (including inspection), warehousing, redistribution, re-

packing and handling, or other functions of supply administration shall not be included in the standard prices. There shall be one standard price for each item—price reductions for condition at time of sale shall not affect standard pricing for inventory purposes.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, from the pamphlet entitled "Proper Accountability, Army Pricing Policy," in section 1, entitled "General," on page 11, paragraph (2) (g) which reads as follows:

(g) For the purpose of establishing a standard price, the current purchase or production cost of an item will be based upon evidence such as current contracts, purchase orders, or invoices. Judgment, however, may be required to modify prices to allow for the effect of pending contract price revisions and other factors affecting the most typical replacement cost. Also, since prices may vary considerably for different vendors within a single normal procurement lot, it will be necessary in such cases to average the prices. The objective is to arrive at a price which represents current replacement cost.

Mr. ELLENDER. Mr. President, all of these directives have been issued since the passage of the 1956 amendment.

Mr. President, in the Department of Defense directive of December 31, 1956, No. 7510.1, there is also a paragraph on the question of uniform pricing policy for materials. I ask unanimous consent that the first two paragraphs be printed at this point in the RECORD, so as to indicate—as I have just stated—that, notwithstanding the fact that we tried to change the law, the directive has been written in such a way that the same price structure and methods of pricing which prevailed prior to 1956, still prevail.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF DEFENSE DIRECTIVE No. 7510.1,
DECEMBER 31, 1956

Subject: Uniform pricing policy for materials, supplies, and equipment financed by military appropriated funds

I. PURPOSE

The purpose of this directive is to establish the basic policies and criteria to be followed by the military departments in pricing for inventory accounting and issues or sales for any purpose of all materials, supplies, and equipment (materiel) except for plant equipment, aircraft (complete), and ships, and materiel financed under working-capital funds for which pricing policy has been established pursuant to section 405 of the National Security Act of 1947, as amended, and Department of Defense regulations thereunder (Department of Defense Directive No. 7420.1, dated December 19, 1956, and Regulations Covering the Operation of Working-Capital Funds for Industrial- and Commercial-Type Establishments, Industrial Funds, dated July 13, 1950).

This directive also establishes the policy under the 1956 amendments of the Mutual Security Act of 1954, pertaining to pricing of items chargeable to the military-assistance program (MAP) because it is required generally that the same item prices be used for that purpose as would be used for similar transactions between the military departments.

Mr. ELLENDER. Mr. President, I shall not take any more time of the Senate in discussing this amendment. I have sev-

eral other amendments, and I hope to present them in order.

Since I have made my opening statement on the amendment, I shall confine the remainder of my remarks to more or less a description of its effect.

Mr. STENNIS. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER (Mr. JORDAN in the chair). Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. ELLENDER. I yield.

Mr. STENNIS. I wish to commend the Senator from Louisiana [Mr. ELLENDER] for the very fine and effective presentation he has made. I believe he has a better on-the-ground knowledge and understanding of the operation of many major phases of this program than does any other Member of the Senate. All of us owe him a great debt of gratitude for the energy and time he has devoted to this work and for the expense to which he has gone in connection with it and in connection with gathering information from all over the world. He has made many trips abroad.

Mr. President, I believe it is a sad day in the history of the Senate when information and facts which a Member of this body has obtained at firsthand are not listened to more generally by Senators. I do not mean that as a personal reflection on any Member of the Senate, for it is true that Senators are too busy to be able to hear everything that is said in this Chamber. But I am sorry that more of us cannot make it a point to hear such presentations.

I believe someday we shall exercise more commonsense in connection with this subject and related subjects. When we do, I believe we shall refer again to the speeches of the Senator from Louisiana and shall hail him again as a Senator of wisdom and vision.

I shall vote for the amendment he has submitted, but I make this expression of thanks to him without regard to the way I shall vote on his amendment.

Mr. ELLENDER. I thank the Senator from Mississippi.

Mr. CARLSON. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. CARLSON. I, too, wish to express my thanks to and commendation of the Senator from Louisiana [Mr. ELLENDER] for the information he has brought to the Senate. I share the views of the Senator from Mississippi [Mr. STENNIS] regarding the service the distinguished Senator from Louisiana has rendered the country by making his trips. Those of us who have heard his statements and who also have seen the pictures he took in Russia—which were a revelation to me, and gave me information which otherwise I would not have had—know how beneficial have been his efforts and his expenditures of time and money.

Mr. ELLENDER. I thank the Senator from Kansas.

Mr. STENNIS. Mr. President, let me add that I, too, believe that the pictures the Senator from Louisiana took in the course of his travels, particularly the ones he took in Russia, will lead to a new and better understanding of the Russian

problem, and also to a better understanding between the people of the United States and the people of Russia.

Mr. ELLENDER. I thank the Senator from Mississippi.

Mr. HUMPHREY. Mr. President, let me say that although I disagree with the amendment of the Senator from Louisiana—primarily because in the committee we did not have a chance to review it, and because it is a very complicated piece of proposed legislation—yet I believe that every Member of the Senate is certain that the Senator from Louisiana is an extremely conscientious and devoted public servant. He gives a great deal of time and attention to these matters. I agree thoroughly with what the Senator from Mississippi [Mr. STENNIS] has just stated in regard to the untiring efforts of the Senator from Louisiana to promote better understanding between peoples.

Mr. STENNIS. I thank the Senator from Minnesota.

Mr. ELLENDER. Mr. President, I thank my colleagues.

Mr. SPARKMAN. Mr. President, I wish to join my colleagues in expressing my high regard and high esteem for the very able Senator from Louisiana [Mr. ELLENDER]; and I do not use those terms as mere figures of speech. I mean them most sincerely.

The Senator from Louisiana is very able; and he has done an extremely fine job—as has been stated by various of my colleagues—in connection with the many trips he has taken to other countries. We know that, every year, as soon as the session of Congress adjourns, the Senator from Louisiana begins a foreign trip. In making such trips, he works very hard in the course of visiting various countries. As a matter of fact, I suppose he has visited more foreign lands than has any other Member of the Senate.

In this connection, Mr. President, I wish to say that I believe one of the finest things a Member of Congress can do—in fact, I have often said that if I had my way, I would require it of all Members of Congress—is to travel. I believe that in these days of such great problems, the members of the Appropriations Committee and the members of the Armed Services Committee and the members of the Foreign Relations Committee should travel to many other countries, to see what is done there.

Certainly I would not question the accuracy of any of the reports the Senator from Louisiana has made in regard to the things he has seen abroad.

On the other hand, I do question the wisdom of this amendment.

A few minutes ago the Senator from Minnesota [Mr. HUMPHREY] said the amendment deals with a very complex matter. It certainly does; in fact, the matter is so complex that we hardly know yet what effect the change of the law which was made in 1956 has had. We have not had time to ascertain how it works; and certainly we are not able to tell how this particular amendment would work.

Mr. President, I wish very much that the distinguished Senator from Louisiana might have offered the amendment

in time for the committee to have given consideration to it and in time for us to have questioned representatives of the Defense Department and representatives of the State Department in regard to what the amendment means and what its impact might be.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yes.

Mr. ELLENDER. Would it not be possible to take an amendment of this kind to conference? I think it is important. It may be true that it was not studied by committee, but the committee went into this subject very thoroughly in 1956, and was of the opinion that the defects I have cited would be cured by the short proviso I have read.

Mr. SPARKMAN. I just made that point. In 1956 the committee did study the matter, and did reconstitute or redirect it. As a matter of fact, as recently as January of this year, the Comptroller General stated that the new system, the one established in the fall of 1956—I believe it was in December 1956, that the first directive was issued—has been so recently installed that it is premature to form a judgment as to its effectiveness.

We thought we did a good job in 1956. The Defense Department and the Comptroller General both tell us they have not yet had time to decide how effective a job has been done. Therefore, I submit that the amendment, to use the words of the Comptroller General, may be premature.

I do not question the intent, the sincerity, or the thoroughness with which the Senator from Louisiana has gone into the question. I do not say the amendment is not a good one. I do not know. We simply have not had time to evaluate it.

With reference to the suggestion of the Senator from Louisiana that the amendment be taken to conference, I remind him I am not in control of the bill. It might very well be that if the chairman of the committee were present and that suggestion were made to him, he would express his willingness to take the amendment to conference, and in the meantime try to obtain additional information about it. I am not empowered to speak for the chairman of the committee.

On the ground that the amendment is premature and that at this time we do not know how the 1956 provision is working, I shall have to oppose the amendment.

I suggest to the acting majority leader [Mr. STENNIS], however, that there be a quorum call before the amendment is further considered, so it might be ascertained whether the chairman of the committee would consider taking the amendment to conference.

Mr. STENNIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the yeas and nays be vacated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I understand the distinguished chairman of the Committee on Foreign Relations is willing to take this amendment to conference. In the event the conferees feel the amendment is workable and should be retained in the bill, the Senator from Rhode Island will do his best to have it accepted. In the event the conferees do not feel it should become a part of the bill, they can reject it, which will be satisfactory to the Senator from Louisiana.

Mr. GREEN. Mr. President, I agree to take the amendment to conference under those circumstances.

Mr. WILEY. Mr. President, after those remarks by the distinguished majority leader, I ask unanimous consent to have printed in the RECORD at this point a statement provided by the executive branch in relation to this matter.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXECUTIVE BRANCH POSITION ON SENATOR ELLENDER'S AMENDMENT (6-5-58-D)

The executive branch is opposed to the revised amendment on pricing proposed by Senator ELLENDER (6-5-58-D). On the basis of an examination by technical experts in the Office of the Secretary of Defense, it is believed that the amendment, even as revised, will have the opposite effect from that intended and will actually result in increased payments by the military assistance program to the military departments. Without going into details of what is a very complicated and involved subject, the following objections are made:

1. The amendment is not consistent with the amendment which was made by the Congress in 1956 after detailed study within the executive branch and careful scrutiny by the Foreign Relations Committee of the executive branch proposals. As was recognized by the Congress in 1956, a pricing system which affects over 3 million stock number items cannot be changed all at once. Time is required to effect a change on so vast a scale. Moreover, it is difficult, indeed nearly impossible, to maintain 2 pricing systems, 1 for military assistance transactions and another for regular Department of Defense transactions. Pursuant to the new pricing legislation of 1956, the Department of Defense has worked out a comprehensive new pricing system which integrates pricing for military assistance, as directed by that legislation, with regular military transactions between the military services. As a result very great savings to the military assistance programs have already been achieved and even greater savings are anticipated as the new system takes full effect. If this amendment were adopted all this progress would be brought to a standstill.

2. The amendment is not consistent with the stock-fund pricing system which has been set up after a great deal of effort during the past several years by the Secretary of Defense and the Assistant Secretary of Defense, Controller pursuant to the authority of the National Security Act (and the 1956 changes in the mutual security pricing formula). Indeed the proposed amend-

ment could not be implemented consistent with the system which has developed pursuant to the National Security Act.

3. The application of the amendment would by and large result in the payment of higher prices by the military assistance program than it now pays pursuant to the 1956 legislative changes.

4. The amendment is technically deficient in that it makes no provision as to the pricing of nonexcess items furnished by the military departments from stock but which they must replace. It will be noted that section 2 deals only with pricing of nonexcess items which do not need to be replaced. Section 1 deals with excess and section 3 deals with new procurement expressly for the military assistance program. There is left a gap as to the pricing of nonexcess items which do need to be replaced, since the present sections of the act which cover this category, are to be deleted by the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I call up my amendment designated "6-4-58-C."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 34, lines 15 and 16, it is proposed to strike out "\$1,800,000,000" and insert "\$1,300,000,000."

On page 63, beginning with line 19, strike out all of section 13, through line 2 on page 64.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. ELLENDER obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. DIRKSEN. What is the number of the amendment?

Mr. ELLENDER. 6-4-58-C.

Mr. DIRKSEN. I thank the Senator.

Mr. ELLENDER. Mr. President, the purpose of the amendment is to strike from the bill in the military assistance section the sum of "\$1,800,000,000" and to insert in lieu thereof "\$1,300,000,000." That represents a cut in the military assistance program of \$500 million.

In addition, Mr. President, the amendment would strike from the bill section 13 which authorizes a transfer of as much as \$235 million from the defense support portion of the bill to the military assistance program, or from the military assistance to defense support.

The bill as reported to the Senate provides for the full amount recommended by the President in both the military assistance and defense support categories. There is a saving, according to proponents of the bill—and, of course, the bill so provides—of \$235 million from the original aggregate amount for military assistance and for defense support. The amount which would be provided for military assistance under the amendment I am offering would be—if appropriated—about \$40 million less than was appropriated last year.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CASE of South Dakota. The first part of the Senator's amendment commends itself to me, because, as I have said on this floor many times, while I would not eliminate the program under present world conditions, I think we should be moving in the direction of reducing expenditures rather than increasing them. I can readily support the first part of the amendment offered by the Senator from Louisiana.

However, I do not understand why he should combine that feature with striking out the transfer clause permitting transfer between economic and military aid. I believe that logic would support leaving in the transfer clause, because it provides flexibility with respect to the total program, which would permit the President to adjust the aid as between some immediate need in the economic field and some need in the military field.

Mr. ELLENDER. Let me say to my good friend from South Dakota that his statement may have applied last year; but under the present law, defense support must be directly connected with military aid. As I pointed out last year, defense support was used in identically the same manner as foreign aid or grants were used in prior years. However, the Foreign Relations Committee has seen fit to tighten up the use of defense support funds, and has provided that they should be used more for providing food, clothing, or other things to support those countries to which military assistance is given.

Mr. CASE of South Dakota. Has not the Senator two different issues combined in one amendment? The first issue is clearly a reduction in dollars.

Mr. ELLENDER. What I am proposing is to allow each appropriation to stand on its own feet. I have never seen any provision in a foreign-aid bill allowing the President to increase one category over the other.

Mr. CASE of South Dakota. But the transfer clause would not increase the total dollars.

Mr. ELLENDER. I understand that. But under this act the President already has a 10 percent transferability clause. In other words, under section 501 of the law as it now stands the President can take 10 percent of, let us say, defense support, and put it in military aid, provided that the 10 percent does not increase the item to which it is transferred by more than 20 percent. Thus we already have in the law a provision which would give the President authority to transfer funds from one section of the program to another.

Under terms of the bill, if the Appropriations Committee should allow the full amount of \$835 million for defense support, 10 percent of the \$835 million could be transferred to another item, and in the same manner 10 percent of the military assistance phase of the program could be transferred to another item. So there is transferability already provided for in the law. I am objecting to having a separate transferability provision. I should like the bill to be

specific in providing a certain amount for military aid and a certain amount for defense support. Then the 10-percent clause, under section 501 of the bill, would remain in the bill, to furnish the necessary transferability.

Mr. CASE of South Dakota. I understand the point the Senator is making. However, I see no real objection to the transfer clause as between the two funds, unless the Senator wishes to fix a ceiling on both of them. But it seems to me that even if that were true, he has combined two different issues in one amendment. It is a very simple matter for the Senator from South Dakota to say that he can support a reduction of \$500 million in the bill; but I should think that from a practical standpoint the administration of the bill would be easier if the transfer clause were not disturbed. The transfer clause would take care of any pinch which might be created by an overall reduction, and still there would be the economy of eliminating \$500 million.

Mr. ELLENDER. I come back to the proposition that what concerns the Senator has already been taken care of—that is, the transferability of funds from one phase of the program to another. That provision is already in the law. Why the committee allowed the full amount in the case of the military assistance portion of the bill, and the full amount for defense support, and then provided for a \$235 million transferability as to the two items is something I cannot understand. I cannot go along with their action. I do not believe it should be done that way.

We saw fit, 2 or 3 years ago to allow the 10 percent transferability clause to apply to any item; and that provision will remain in the act. It is not being disturbed. Under this provision, certain amounts may be transferred from one phase of the program to another, provided the amount transferred does not add more than 20 percent to the total of the item to which it is transferred.

As to the reason for the proposed cut, as I pointed out in my opening remarks, there was available for expenditure on July 1, 1957, \$5,562,090,000. The estimated expenditures for the year 1958 are \$2,200,000,000, thus leaving an unexpended balance as of July 1, 1958, of \$3,362,090,000. As I said in my opening statement, I believe that \$1.3 billion for military assistance is ample, particularly when the record today shows there is in the pipeline in excess of \$3 billion. In the first 9 months of this fiscal year, of the total \$1,340,000,000 appropriated last year, ICA, which administers the MSP, was able to contract for only \$567 million. In other words, they were able to spend only a little over a third of the amount which was provided for them last year. Now we have in reserve, in the pipeline, a huge amount which can be deobligated at any time it is seen fit to do so, and applied to other, new programs if it is so desired.

In my judgment, one of the most objectionable sections of the military assistance program is the creation of armies in small countries that cannot afford them. It does not make sense

to me to saddle small, backward countries with what would be to them large armies.

I am not permitted to give the amounts we have already spent in Iran, as an example, on what we propose to spend there in the next 7 or 8 years. However, it is sufficient to say it is a huge sum of money. I visited Iran last year. It is my opinion that the money we are spending there is more or less wasted. We are burdening the Iranian Government with the expense of trying to maintain an army to fight Russia. Such a situation would be like sending a popgun corps to capture Washington. The Iranian Army could not do a thing against Russia. Yet, a good portion of the money we have appropriated for foreign aid is going to be used to enlarge the army and put even greater burdens on the Iranian Government to maintain that army. I was in Tabriz, Iran, recently and I have never seen such abject poverty. I would much prefer to see the money we appropriate used to help those people economically, if possible, instead of saddling the Government with an army it cannot support. That army, in addition, would not be effective in the event of attack by an aggressor force. Sitting there on the periphery of Russia, a few missiles, fired from well-placed installations around the border, could destroy practically all the big cities of Iran. This is true not only of Iran but of many other areas in southeast Asia.

Let us consider South Vietnam. That country is young. It does not have the capability of maintaining a large army. Neither does Laos. Although Laos is a member of the French Union, the United States is paying for its army's hardware, food, and clothing. The United States even pays the family allowances of the Laotian soldiers. That is how poor Laos is. Yet we are providing more funds to set up even larger armies in countries like that. To my way of thinking, those armies would be of little or no service in the event of any kind of conflict in those areas.

We have been told in the past that these armies are being created to put out brush-fire wars should they start. That was perhaps a good reason at one time. However, I am sure that Senators have read recently that we have made ready four divisions of our troops to take care of situations of that kind. Anyone knows that if an attack were made today on South Vietnam, or on Laos, neither of those countries could hold the invaders for more than a very short time, according to the testimony which was submitted before the Foreign Relations Committee. Let me read from the testimony on the situation in South Vietnam, about which I have been talking:

Senator SMITH. Do you feel satisfied militarily with the situation in South Vietnam, the Saigon area? What do you have in forces as against those in North Vietnam and the Hanoi area?

Admiral STUMP. The North Vietnam or the Viet-Cong, as they have started calling them, they used to be Viet-Minh, are much stronger than the South Vietnam is. They have about twice as many soldiers on active duty and besides that in North Vietnam they

have some reserves of about 200,000, whereas the South Vietnam Army, as you know, is about 150,000.

They are much stronger. They have re-equipped themselves from China, and there is no doubt that they could march clear across South Vietnam.

Senator SMITH. You mean from Russia via China perhaps?

Admiral STUMP. That is right; yes. They could undoubtedly win a war if we did not come in to help. But I do think, the terrain being what it is, that the army of South Vietnam could delay them long enough for them to get help from the outside.

Mr. President, as I said a moment ago, when military assistance was first begun, it was to take care of brush-fire wars. But this objective has obviously been forgotten. In this connection, the Washington Post and Times-Herald of March 25, 1958, published an article entitled "Pentagon Appears To Shift Emphasis To Planning for Brush-Fire Wars." The article states that four divisions of United States troops are being equipped to be sent anywhere in the world overnight if a brush-fire war should start.

Why should we spend huge sums of money in order to equip small armies in, say, Iran, Vietnam, Laos, of Cambodia—countries which could not under any circumstance effectively defend themselves? I believe we could well reduce this amount of military aid and instead help, if necessary, to provide a local police force which might be needed only to keep peace within the country.

We have assisted France to the point where it hurts. In past years we have made available to France more than \$8 billion in military aid and economic aid grants. Notwithstanding that fact, in the past we have provided from 38 percent to 44 percent of the cost of maintaining armies in the area of France.

Mr. CHAVEZ. Mr. President, will the Senator yield on that point?

Mr. ELLENDER. I yield.

Mr. CHAVEZ. The reason for providing military aid to France is that France is a member of NATO. Is not that correct?

Mr. ELLENDER. Yes; that was the reason.

Mr. CHAVEZ. That was the so-called justification. But instead of using the military aid for NATO, France is using it now to kill Algerians and Tunisians in Africa.

Mr. ELLENDER. That was the point I was approaching. I visited France on 2 or 3 occasions. I have visited practically all of the NATO countries in the past 3 or 4 years.

What we have in Western Europe today as a shield is nothing more or less than paper divisions. There are a few active divisions, but very few. Today, almost half of the active divisions in Western Europe are from the United States. Yet as originally planned under NATO only one-fourth or one-fifth of the troops were to be from the United States, while the rest were to be from other NATO members. Instead, reductions have been made to the point where now our soldiers, if an attack were made, would be in serious danger. They are defending Europe almost alone and

would have to face the brunt of the attack should the worst come.

As the distinguished Senator from New Mexico pointed out, the ammunition, guns, and some of the airplanes sent to defend Western Europe have been used in north Africa in recent days to make more trouble for us.

Newspapers have contained many articles recently concerning the withdrawal of troops from Western Europe by the United Kingdom. More than 30,000 soldiers are to be withdrawn from that area, leaving the United States to hold the bag, to a large extent.

Notwithstanding the fact that Western Europe today is in better shape economically than it has ever been, we are providing \$519,500,000 in this bill for assistance to Western Europe. I think such a situation is shameful.

The purpose of the Marshall plan has been accomplished, yet the United States continues to provide assistance to these countries.

I think we have reached the point where we should examine our foreign policy, to see if we cannot get those people whom we have helped in the past to assist us in keeping the free world strong. If they could be convinced to do

their share, it would be possible for us to be relieved of a portion of this heavy burden. We cannot possibly continue to spend money at the rate we are now spending and still hope to survive. The amount of money which was appropriated to operate the entire Government when I first came to Congress 22 years ago was just about what is now required to pay the interest on the national debt. Any person with commonsense knows that we cannot maintain our spending rate and expect to survive. Unless we call a halt to this program and get other nations to realize that the battle against communism is as much their burden as it is ours, we cannot be successful in bringing about the permanent peace which all of us so desire.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table printed in the hearings of the Senate Foreign Relations Committee on the Mutual Security Act of 1958 showing our contribution to NATO and the European countries aggregates a total of \$737.4 million and \$519.5 million, respectively, for fiscal year 1959.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT B

NATO area programs, fiscal years 1958 and 1959

[Million dollars]

	Fiscal year 1958 NATO program	Fiscal year 1959 NATO program	Fiscal year 1959 Europe program
Materiel and training:			
Conventional materiel and training (country programs).....	334.7	307.8	206.6
Missiles and aircraft modernization.....	282.1	226.3	131.6
Other materiel (spares, packing, crating, handling, and transportation, repairs, and rehabilitation).....	84.3	75.8	53.8
Subtotal.....	701.1	609.9	392.0
Cost sharing:			
Mutual weapons development.....	40.0	40.0	-----
Facilities assistance.....	20.0	20.0	-----
Infrastructure.....	65.0	60.0	-----
International military headquarters.....	6.5	7.5	-----
Subtotal.....	131.5	127.5	-----
Total.....	832.6	737.4	-----

Mr. ELLENDER. Mr. President, at this point I would like to say a few words about the Development Loan Fund.

Last year we appropriated \$300 million for this fund and authorized an additional \$625 million for this year.

In my judgment this is nothing more or less than an international Reconstruction Finance Corporation. However, 10 years later, we are finally getting around to following the advice of General Marshall. In outlining his plan to help Europe to help itself, General Marshall suggested that loans be extended to war-ravaged areas. You notice he said nothing of grants. He spoke of loans.

Now, 10 years after the start of the Marshall plan, the Development Loan Fund is about to go into action and offer loans to help people help themselves.

Mr. President, getting away from the Development Loan Fund, I would now like to discuss one phase of the pipeline. In 1954, money was earmarked for the modernization of the British Air Force. Yet, this money is now being used to de-

fray the cost of installing IRBM squadrons and other missile programs. To my mind, this is something which the British ought, at least, help us do; but we are doing the whole job.

I ask unanimous consent that the statement from the hearings on this subject be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXHIBIT D

Mr. SPRAGUE. * * * There is available today \$112 million of prior-year funds which we can use against the cost of the [deleted] IRBM squadrons which will be deployed in England commencing with the first squadron in December of 1958. The total cost to the United States of these [deleted] squadrons is expected to reach approximately [deleted] million dollars, including training missiles and training equipment.

* * * * *
The CHAIRMAN. You do not think too much was appropriated for the purpose then enumerated?

Mr. SHUFF. Mr. Chairman, may I speak to this point? One of the contracts was for the Gloster Javelin airplane. It was firmly programed, and programed in good faith by ourselves and the recipients, and by the producers. However, as the development of the airplane and the production had started and got along, it was found that it was not suitable for the purpose for which it was designed.

The other aircraft concerned in this procurement was the Hawker Hunter, which did come along the way it was designed, and went into production and was satisfactory. Unfortunately the British, in a white paper, cut down the extent of their air force as they had planned it when the airplanes were programed.

Mr. ELLENDER. Mr. President, included in this military assistance item is one for mutual weapons development. It is all very well for us to spend a total of approximately \$8 billion for research and development in our own Defense Department. But, in addition, now we are being asked to pay half of the amount for mutual weapons development in Europe. In addition to paying this one-half of the cost of that program, which amounts to \$40 million, we are also providing 50 percent of the cost of the facilities assistance program.

In other words, we pay to develop the implements of war. Then we provide 50 percent of the cost for tooling the facilities. As I have said, in view of the fact that we have been so generous with these countries during the past 10 years, and in view of the further fact that their economies now are an average of 168 percent of their prewar level, it seems to me they should be able to handle an item of this kind by themselves. However, our foreign-aid administrators offer them this assistance, and of course they accept it. As I have said before and I will say again, they will continue to lean on us as long as we permit them to do so.

Mr. President, this item also relates to our dealings with the countries of Western Europe. I recall that 2 or 3 years ago, when the boast was made that our economic aid to Europe had ceased, it was replaced with what was called off-shore procurement. During the last 3 or 4 years we have provided in the neighborhood of \$3 billion for this purpose.

As I recall, there was an understanding that these plants would be placed on a standby basis. But evidently such was not the case, since we are still providing facilities assistance in this bill. I believe it is shameful for the United States to spend money in this way.

Mr. President, at this time I wish to call attention to what we are doing in Laos, a small country of less than two million population, with few assets, and without sufficient money to run their Government. In that connection I shall read from the testimony taken at the hearings of the Senate Foreign Relations Committee, as it appears on page 41:

Question. Are we still providing troop pay and family allowances of the Lao Army? If we are, are we following the same procedure in other areas?

Answer. A portion of United States assistance to Laos is for the purpose of paying troops, including family allowances. In other countries the situation is quite dif-

ferent: In such countries United States assistance is not for the purpose of supporting troop pay and family allowances. Such assistance rather is intended to help the receiving country to import the commodities and services needed by its economy in order to sustain the desired level of military activity or otherwise to make it possible for the country to make the contribution to the common defense which is the purpose of defense support. In such countries, however, local currencies resulting from the importation of the goods and services are deposited either in an account belonging to such countries or, in the case of surplus agricultural commodities, in an account owned by the United States. A portion of such local currencies is attributed to the support of the defense budget in such countries. Beyond the contribution to the defense budget it is frequently not useful to carry the attribution to the exact uses of such local currency. However, it would not be inaccurate and in some cases, such as Vietnam, it is quite clearly accurate to say that a portion of the contribution to the defense budget may find its way into troop pay and family allowances. Such countries include Cambodia, Vietnam, Korea, Greece, Pakistan, and Turkey.

In addition, a contribution is made to the support of the general budget of Jordan as a result of which it would be reasonable to assume that some of this contribution might find its way into troop pay and family allowances.

Mr. President, I ask unanimous consent that other excerpts from the testimony taken at the hearings be printed at this point in the RECORD, as part of my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

SUPPORT OF LAO MILITARY FORCES

The CHAIRMAN. Very well. Have you any questions, Mr. Fulbright?

Senator FULBRIGHT. Yes. Admiral, I notice that the Presentation Book says that we bear the entire cost of supporting the Laotian army. It says the average annual cost of maintaining military personnel for Laos is \$867 per person compared to \$719 for Cambodia, \$245 for Thailand, and \$147 for Taiwan. Why is it that we bear the entire cost of personnel in Laos?

Admiral STUMP. Mainly, sir, because Laos does not produce anything that it can send out. It is a wild country with only 2 million people in it, the most sparsely populated country in southeast Asia; 95 percent of them cannot read or write. They did not even have any banks there. There wasn't a bank there until 3 years ago. Therefore, they have no way of raising money to buy the things that are required by a military force. None is produced in Laos. Therefore, if they are going to have any army—they have an army of [deleted] simply all the money for them has got to come from the United States. They cannot raise it locally.

Senator FULBRIGHT. [Deleted.] What do the French have to do with the Lao Air Force?

Admiral STUMP. The French are still there in Laos. Laos is still a part of the French Union. [Deleted.]

Senator FULBRIGHT. Does the French Government nominally have control of Laos?

Admiral STUMP. No, sir. It is independent, but closely tied to France through the French Union.

Senator FULBRIGHT. Do the French contribute anything to the support of the army?

Admiral STUMP. Yes, they do. Have we got a figure on that?

Captain GREEN. No, sir, I haven't got a figure. They do contribute.

Admiral STUMP. They have a training mission and they pay the expenses of that training mission. I do not think they furnish money for any equipment.

Senator FULBRIGHT. Is it correct that they furnish no money to support the Lao Army itself, but only to their own mission?

Admiral STUMP. That is correct.

Senator WILEY. How much is infrastructure this year?

Mr. JANDREY. Sixty million dollars.

Senator WILEY. What have we spent on infrastructure since the war?

General GUTHRIE. Actual expenditures through fiscal year 1957 were \$392 million. The estimated total for fiscal year 1957 is \$70 million. That includes airfields, communications, POL storage, naval bases, headquarters, and training installations. They are fixed military facilities and when shared out, the United States percentage of the total is in the neighborhood of 38 percent of whatever the entire project costs.

OFFSHORE PROCUREMENT

Since there has been some discussion about offshore procurement, we thought it might be of interest to the committee to indicate to you gentlemen what our record has been in the offshore procurement field.

In the early days of this program, there were various reasons why we wanted to try and maintain and promote the industry of our various NATO partners, keep the aircraft industry going, for instance, in France and Italy and in the United Kingdom.

A good many offshore procurement contracts were placed in the interest of accomplishing that, and also to expand the mobilization base in case we should need to use it in time of war, in time of emergency.

Since that time, we have leveled out.

Another thing we tried to do in putting these offshore procurement contracts abroad was to try and get these people in a position where they could better help themselves. In other words, in order to get them going in maintaining spare parts and in making these various things that we knew they would need on a continuing basis, our offshore procurement program was designed as a pump-priming operation with the hope that after the pump was primed, they would pick up—

The CHAIRMAN. I should think in all of these agreements you would provide for the eventuality that these machines would become obsolete before the spare parts can be manufactured.

Mr. SHUFF. This was a consideration. However, a good many of them have kept on. As a result of that, our contracts have fallen off until now we are something under \$100 million, so we are asking \$99 million for 1959 for this program.

OFFSHORE PROCUREMENT

It is United States policy that offshore procurement will not be undertaken if it will (1) have serious adverse effects on the United States production base; (2) result in unjustifiable price differentials in comparison with United States supply of similar type items; (3) result in failure to meet United States delivery objectives; or (4) jeopardize security interest of the United States.

Offshore procurement has rapidly declined in recent years due to the changing nature of MAP materiel requirements and the vital need for retaining orders in the United States to sustain the domestic military production base. The result of these changed factors is readily apparent from chart X, where it can be seen that contracts placed have been reduced from a total of \$1.6 billion in fiscal year 1953 to an estimated \$112 million in fiscal year 1958, while expenditures have decreased from a maximum of \$668 million in fiscal year 1956 to an estimated \$229 million in fiscal year 1958.

Current offshore procurement is restricted to items which must be of foreign types to support foreign equipment; items no longer produced in the United States; arrangements whereby the producing country contributes a substantial portion of the costs involved, and similar circumstances.

I would like to say a word about the program proposed for Europe for fiscal year 1959. Once more we are requesting funds for what is essentially a military and defense support program. Of the approximately \$281 million proposed for Europe, \$251 million is related directly to defense, that is, \$206.5 million for military assistance shown in European country programs plus \$45 million for defense support. These figures do not tell the whole story, however. As in previous years, much of the proposed military assistance can only be planned at this early stage of the programming process on a global basis. Such items as missiles, aircraft modernization, and spare parts (described in the presentation book on "Non-regional Programs" under the heading "Special Materiel Programs") add substantially to the military program when broken down by region and by country. While the country allocations are very tentative at this time, the total thus developed for Europe (shown on p. 7 of the presentation book, "Europe and Africa") amounts to \$185 million, bringing the total proposed military aid program for Europe to about \$392 million. The great bulk of the \$185 million additional increment, in the case of the European countries, is intended missiles in order to carry forward the modernization of NATO forces which has been underway since 1956 and which is so important to General Norstad's defense plans and our own security.

Mr. ELLENDER. Mr. President, included in this amount is money to be used to pay for the support of the U. N. troops in Korea, other than our own. In other words, the United States is not only paying for the maintenance of its own divisions in Korea, but also for the maintenance of the 20-odd divisions of the ROK, and also for the maintenance of a comparatively small number of troops stationed there by Britain, Turkey, Greece, and the Philippines. I believe it is shameful that the United States should provide as much as \$12 million to support those troops.

Concerning this item, I quote the following from the committee hearing:

The CHAIRMAN. Are there any other United Nations forces still in Korea?

Admiral STUMP. Yes, there are, but just token forces.

The CHAIRMAN. Which countries?

Admiral STUMP. I would like to check that. Thailand, Turkey, and the United Kingdom have small forces. The Philippines has representation in the honor guard.

The CHAIRMAN. Is the United Kingdom the only one?

Admiral STUMP. No, sir. Thailand, Turkey, United Kingdom, and the Philippines. Most of those forces have been reduced to such a small number that they are really just token forces to show their continued unity with the United Nations in the job they are doing.

The CHAIRMAN. Then the United States is the only one that has more than token forces?

Admiral STUMP. Yes, sir; we have two divisions there. Turkey has a brigade.

The CHAIRMAN. I won't ask any more questions now. I will defer them until later.

Mr. President, as I have just stated, in order to take care of these token forces, we are providing \$12 million in this bill.

Of all the ridiculous things, Mr. President. I do not know how our representatives abroad can think of the many ways they find to spend our money.

Another item included in the military assistance appropriation is the nutritional survey. In 1957, we provided \$202,000 for this program; for 1958, \$210,000; and in this bill there is \$275,000 to perpetuate the program. This is something that should be borne by the people of the countries concerned. Even though this amount is small, why should we be burdened with such an expenditure? It strikes me that our administrators are simply looking for ways and means to spend our money.

Mr. President, I ask unanimous consent to have the justification for this item printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

NUTRITION PROGRAM—MILITARY ASSISTANCE

The ultimate objective of this program is to assist friendly countries in the establishment of permanent nutrition services within their armed forces. This will involve the training of local personnel in modern techniques of study and analysis in the field of nutrition technology and subsequently the transfer to them of basic laboratory equipment and supplies used in the surveys.

Since January 1956, nutrition surveys have been completed in Iran, Pakistan, Korea, Philippines, Turkey, and Libya. As a part of the fiscal year 1958 program, full surveys will be made in Spain and Greece, the first stage survey will be conducted in Ethiopia and follow-up work will be undertaken in Iran and Libya. These projects, together with other plans not yet finalized, will amount to \$208,000.

Continuance of the nutrition program for fiscal year 1959 will cost \$275,000 for initial survey in two additional countries and follow-up work in the Philippines, Pakistan, Libya, Spain, Greece, and Ethiopia. This program represents a comparatively small expenditure in order to help insure through technical advice that the users of MAP equipment, which represents an investment many times as great, will be physically qualified to carry out their assigned missions.

Programs

[In thousands of dollars]

Fiscal year 1957.....	202
Fiscal year 1958.....	210
Proposed fiscal year 1959.....	275

[In thousands of dollars]

Military assistance	Programmed	Expenditures	Unliquidated
Cumulative June 30, 1957.....	252	51	201
Estimate fiscal year 1958.....	210	51	411
Cumulative June 30, 1958.....	462	51	

Mr. ELLENDER. Mr. President, there is also in the military assistance program an amount of \$10 million for the overseas internal security program. I cannot understand why we should be strapped with this burden.

Reading from page 94 of the hearings:

Many countries lack knowledge, training, or means to defend themselves successfully against Communist pressure and penetration. This amount supplements with military aid an ICA program to assist them in resisting Communist subversion.

You will note on the chart that we have \$49 million for programs under negotiation.

These programs will be discussed with you by our regional directors.

The remainder was deleted because the information was more or less secret.

Why in the name of commonsense should we be spending money in order to teach people in France, England, or anywhere else in the world, how to deal with Communists? It strikes me that is the business of the people in the countries concerned. They ought to be the ones to do it. Nevertheless, negotiations are presently underway to use a total of \$49 million, and \$10 million is being provided on account in this bill.

Mr. President, I do not intend to go into any more detail. I simply wish to reiterate that in the amount of \$1,800 million, certain programs are included which could and should be undertaken by the local people.

Mr. President, I yield the floor.

Mr. GREEN. Mr. President, the amendment offered by the senior Senator from Louisiana [Mr. ELLENDER] reduces the authorization for military assistance from \$1.8 billion to \$1.3 billion. This is an overall reduction in the amount authorized by the amount of \$500 million.

On behalf of the Committee on Foreign Relations, I wish to oppose this amendment. I suggest to the Senator from Louisiana that if he wishes to reduce the amount of money for military hardware, this is a subject more properly taken up with the Senate Committee on Appropriations.

The Committee on Foreign Relations has already reduced by \$235 million the sums authorized for military assistance and defense support. I do not believe these amounts should be reduced further.

The bulk of the military assistance funds which would be affected by the proposed cut would be in the areas of the Far East, the Middle East, and South Asia. If this additional cut of \$500 million were accepted by the Senate, it would be necessary for the President to reduce the military assistance we are now giving to countries bordering on the Soviet Union or Communist China, such as the Republic of Korea, the Republic of China, and Turkey. Surely the condition of the world is not such as to warrant any such massive reduction in military assistance to these key countries.

In 1950 we learned the lesson of unpreparedness. There had been such a substantial reduction in the size of the armed forces of the free world that Communist-controlled North Korea felt our lack of defenses was such as to invite military attack on South Korea. As a consequence more than 100,000 American casualties resulted from the efforts of the free world to prevent Communist aggression. I feel sure, Mr. President, that if the United States begins now to reduce substantially the military assistance which it gives to the countries on the borders of the iron and bamboo curtains, there is great danger that our action will be construed as a lack of interest in the preservation of the independence of those countries.

I ask, therefore, Mr. President, that the amendment of the Senator from Louisiana

reducing military assistance by \$500 million be rejected.

Mr. ELLENDER. Mr. President, I simply wish to point out again that if my pending amendment is adopted, and if the amendment I shall propose in a few moments is adopted, the same amount of money which they received last year will be available for Korea and Formosa.

Mr. GREEN. I am commenting on what the Senator has already proposed and said. I have no idea what he has in mind to propose for the future.

The PRESIDING OFFICER (Mr. PAS-TORE in the chair). The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GOLDWATER (when his name was called). On this vote I have a pair with the senior Senator from California [Mr. KNOWLAND]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. HOLLAND]. If he were present and voting, I understand that he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Virginia [Mr. ROBERTSON], and the

Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

On this vote the Senator from Delaware [Mr. FREAR] has a pair with the Senator from Missouri [Mr. SYMINGTON]. If present and voting the Senator from Delaware [Mr. FREAR] would vote "yea" and the Senator from Missouri [Mr. SYMINGTON] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], the Senator from Iowa [Mr. MARTIN], and the Senator from Michigan [Mr. POTTER] are detained on official business.

If present and voting, the Senator from Wyoming [Mr. BARRETT], the Senator from Iowa [Mr. MARTIN], the Senator from New York [Mr. IVES], the Senator from Michigan [Mr. POTTER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Kansas [Mr. SCHOEPEL] would each vote "nay."

The Senator from California [Mr. KNOWLAND] is detained on official business and his pair has been previously announced by the Senator from Arizona [Mr. GOLDWATER].

The result was announced—yeas 24, nays 46, as follows:

YEAS—24

Anderson	Ellender	Morse
Bible	Ervin	Proxmire
Butler	Fulbright	Russell
Case, S. Dak.	Hruska	Stennis
Chavez	Jenner	Talmadge
Curtis	Jordan	Thurmond
Dworshak	Langer	Williams
Eastland	Malone	Young

NAYS—46

Aiken	Green	Monroney
Allott	Hayden	Morton
Beall	Hennings	Mundt
Bennett	Hickenlooper	Neuberger
Bridges	Hill	Pastore
Bush	Hoblitell	Payne
Capehart	Humphrey	Purtell
Carlson	Jackson	Smathers
Carroll	Javits	Smith, Maine
Case, N. J.	Johnson, Tex.	Smith, N. J.
Church	Kefauver	Sparkman
Clark	Kennedy	Thye
Cooper	Kuchel	Watkins
Dirksen	Lausche	Wiley
Douglas	Magnuson	
Gore	McNamara	

NOT VOTING—26

Barrett	Johnston, S. C.	O'Mahoney
Bricker	Kerr	Potter
Byrd	Knowland	Revercomb
Cotton	Long	Robertson
Flanders	Mansfield	Saltonstall
Frear	Martin, Iowa	Schoeppel
Goldwater	Martin, Pa.	Symington
Holland	McClellan	Yarborough
Ives	Murray	

So Mr. ELLENDER's amendment was rejected.

Mr. HUMPHREY. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. CHURCH in the chair). The question is on agreeing to the motion of the Senator from Alabama.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 34, lines 15 and 16, it is proposed to strike out "\$1,800,000,000," and insert in lieu thereof "\$1,600,000,000."

Mr. ELLENDER. Mr. President, I am not going to detain the Senate very long in discussing this amendment except to say that it would cut military aid by \$200 million. I sought to reduce this authorization by \$500 million a moment ago.

The transferability clause appearing on page 63—section 13 of the bill—will remain in the bill, unchanged.

Therefore the maximum authorization provided for military aid would be the same as that of last year.

I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SPARKMAN. Could the Senator tell us briefly what effect his amendment would have on the overall amount? May I put it this way? As I understand, the only effect of the Senator's amendment would be to limit the military expenditures to \$1,600,000,000. Is that correct?

Mr. ELLENDER. That is exactly correct. That is the same amount that was authorized last year.

Mr. SPARKMAN. What effect would it have on the overall amount?

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SPARKMAN. What effect would it have as compared with the bill reported by the committee?

Mr. ELLENDER. It would reduce the maximum amount authorized for military assistance by \$200 million. The transferability would remain at \$235 million, as would the combined \$2.4 billion ceiling for military aid and defense support.

Mr. SPARKMAN. Does it affect economic aid in any way?

Mr. ELLENDER. It does not affect defense support.

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order so that the colloquy between the Senator from Alabama and the Senator from Louisiana may be heard. The Senate will be in order. No further proceedings will occur until the Senate is in order, so that the colloquy may be heard. Attachés of the Senate will please refrain from conversation; and in failure to do so, they will please leave the Chamber.

Mr. ELLENDER. As I have indicated, the amendment now pending is in language similar to that which the Senate rejected, except that the pending amend-

ment would reduce the maximum military aid authorization from \$1,800 million to \$1,600 million. The effect of the amendment would be to place a ceiling of \$1,600 million on military assistance.

In addition, it would leave section 13 unchanged. My previous amendment would have deleted that section.

Mr. SPARKMAN. What it does is it places a ceiling on military expenditures at the same level as last year. Is that correct?

Mr. ELLENDER. That is correct.

Mr. HUMPHREY. I believe the Senator's amendment is a sound amendment, and is one that some of us wished to support in the committee.

Mr. ELLENDER. I thank the Senator.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GOLDWATER (when his name was called). On this vote I have a pair with the senior Senator from California [Mr. KNOWLAND]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. HOLLAND]. If he were present, I understand he would vote "nay"; if I were permitted to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL], are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLAN-

DEERS], the Senator from Iowa [Mr. MARTIN], and the Senator from Michigan [Mr. POTTER] are detained on official business.

If present and voting, the Senator from Iowa [Mr. MARTIN], the Senator from New York [Mr. IVES], the Senator from Michigan [Mr. POTTER], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

The Senator from Kansas [Mr. SCHOEPEL] is paired with the Senator from Wyoming [Mr. BARRETT]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Wyoming would vote "nay."

The Senator from California [Mr. KNOWLAND] is detained on official business, and his pair has been previously announced by the Senator from Arizona [Mr. GOLDWATER].

The result was announced—yeas 43, nays 28, as follows:

YEAS—43

Anderson	Hennings	Mundt
Bible	Hill	Pastore
Butler	Hruska	Proxmire
Carroll	Humphrey	Russell
Case, S. Dak.	Jackson	Smathers
Chavez	Jenner	Sparkman
Church	Johnson, Tex.	Stennis
Curtis	Jordan	Symington
Douglas	Kefauver	Talmadge
Dworschak	Kennedy	Thurmond
Eastland	Langer	Watkins
Ellender	Magnuson	Williams
Ervin	Malone	Young
Fulbright	Monroney	
Gore	Morse	

NAYS—28

Aiken	Cooper	Morton
Allott	Dirksen	Neuberger
Beall	Green	Payne
Bennett	Hayden	Purcell
Bridges	Hickenlooper	Smith, Maine
Bush	Hoblitzeil	Smith, N. J.
Capewhart	Javits	Thye
Carlson	Kuchel	Wiley
Case, N. J.	Lausche	
Clark	McNamara	

NOT VOTING—25

Barrett	Johnston, S. C.	O'Mahoney
Bricker	Kerr	Potter
Byrd	Knowland	Revercomb
Cotton	Long	Robertson
Flanders	Mansfield	Saltionstall
Frear	Martin, Iowa	Schoepel
Goldwater	Martin, Pa.	Yarborough
Holland	McClellan	
Ives	Murray	

So Mr. ELLENDER's amendment was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Minnesota to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I had intended to submit an amendment which would reduce the amount for defense support; but in view of the fact that the Senate has agreed to the last amendment, and since I know that an amendment to reduce defense support would fail, I shall not present my defense support amendment.

I now call up my amendment designated 6-4-58-E and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, beginning with line 15, it is proposed to strike out down through line 15 on page 45.

Renumber subsections of section 8 accordingly.

Mr. ELLENDER. Mr. President, the effect of this amendment is to strike from the bill the \$200 million contingency fund. My reason for doing so is very simple.

Last year, a special Presidential fund was provided, aggregating \$225 million. It included functions for which two funds are sought this year—that is, the \$212 million special assistance fund and the \$200 million contingency fund, which my amendment would strike.

Under the bill, as I understand it—and if any Senator differs with me, I wish he would say so—the President has the authority to transfer, and for any purpose he might desire—\$1,283,000,000. That figure is derived in this way:

Money now in the pipeline and not obligated, but reserved for spending.

In regard to that amount of money, the President has authority, under section 501 of the act, to transfer as much as 10 percent for any purpose he may desire. Since \$3,742 million has not actually been obligated, the President would have authority under section 501, to transfer \$374 million.

Applying the 10 percent transfer authority to the amount authorized in the present bill, less the development loan fund authority, less the special fund and contingency fund—both of which are 100 percent transferable—the total amount which could be transferred totals \$262 million.

Also, under section 13, there is authority to transfer from military aid to defense support, or vice versa, \$235 million.

There is also the contingency fund, which I am seeking to strike out, of \$200 million, which the President can spend 100 percent as he sees fit.

Of course, the special assistance fund of \$212 million falls in the same category.

If we add these figures together, it is obvious that the President has authority to transfer as much as \$1,283 million from one item to another—the only limitation is that the amount transferred must not exceed 20 percent of the item to which it is transferred.

I believe the contingency fund should be stricken out, because the President already has ample authority to transfer funds from one category to another.

So I hope the Senate will agree to the amendment.

The PRESIDING OFFICER (Mr. CHURCH in the chair). The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. DIRKSEN. Mr. President, I thought perhaps a member of the Foreign Relations Committee would oppose the amendment. But certainly I wish to oppose it.

Mr. FULBRIGHT. Mr. President, if the Senator from Illinois will yield, let me say that I, too, shall oppose the amendment.

Mr. DIRKSEN. I am glad to hear the Senator say so.

Mr. FULBRIGHT. So I do not think the Senator from Illinois should jump to the conclusion that no member of the committee will oppose the amendment.

Mr. DIRKSEN. I am sorry I was in error. But the Chair had put the question, and I did not see any member of the committee on his feet.

Mr. FULBRIGHT. If the Senator from Illinois wishes me to do so now, I shall be glad to state that I opposed the amendment in the committee, and I shall oppose it here. I voted for the cut in military aid that I have voted for heretofore.

Mr. DIRKSEN. Mr. President, I shall most willingly defer in favor of the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I think other members of the committee will take the same position that I do in regard to the amendment.

I did not mean to take the Senator from Illinois off his feet; I merely wished to point out that he was jumping to an erroneous conclusion.

Mr. DIRKSEN. I realize that that is so, Mr. President.

Let me say that in view of the situation existing today in Lebanon, in Africa, and elsewhere, I believe it would be folly to tie the hands of the President, who is the Commander in Chief of our Armed Forces, in such a way as to prevent him from taking action in situations which relate to or involve or affect our national security.

So I earnestly hope the amendment will be overwhelmingly defeated.

Mr. CAPEHART. Mr. President, let me call attention to the fact that, as a result of the vote on the last amendment, whereby a reduction was made, supposedly, in the amount of \$200 million, the Senate actually did no such thing, insofar as the overall authorizations provided by the bill are concerned, for the ceiling remains at \$2,400 million. What the Senate did, by means of the vote taken a moment ago, was to delete the \$200 million from the \$1,600 million. But the committee deleted \$235 million from the total of \$2,635 million, and thus set the ceiling at \$2,400 million. And even after the last vote, the ceiling is still \$2,400 million.

Mr. ELLENDER. The maximum military assistance ceiling has been cut by \$200 million. That is what I was trying to achieve.

Mr. CAPEHART. But my point is that the sum total is exactly what it was before. So let us not fool anyone into believing that, by means of the last vote, the overall amount has been reduced, because it has not been reduced.

Mr. AIKEN. Would not this amendment, if agreed to, strike out the \$200 million of so-called emergency funds the President has?

Mr. CAPEHART. I was speaking of the previous amendment.

In the case of the pending amendment, if the amendment is agreed to it will eliminate the \$200 million in the so-called emergency fund we have provided for the President. But if there is anything that is worth while, in view of the present world conditions, it is the

\$200 million emergency fund we have provided for the President. If cuts are to be made, let them be made elsewhere. I believe we have seen enough during the last few years to know that this fund is not a proper place in which to make a reduction.

Furthermore, as I have stated, following the last vote, we still have exactly the same total amount as we had before. We have made a shift from the military, rather than to make a change in the total amount, whereas the committee took the \$235 million from the total.

So, Mr. President, in view of present world conditions, if we really wish to fight communism and fight Russia, we should retain the \$200 million. If cuts are to be made, let them be made in the amounts for military aid or economic aid, but not in the President's emergency fund, because the money in that fund is needed.

Mr. AIKEN. Mr. President, I deplore as much as does anyone else the sudden shift in the position of the administration in regard to the Kennedy amendment; and I realize the great temptation—which has affected me somewhat today—to vote to make a reduction in, or eliminate entirely, the President's \$200 million emergency fund.

It is true that if the President does not have an opportunity to spend any of the money in the satellite countries, he possibly may not need as much of the money as he otherwise would. Nevertheless, we cannot know when or where it may be necessary for him to spend some of this money very quickly.

Inasmuch as the security of the country is involved it is possible that we would regret any hasty action in this connection.

Therefore, despite my regret—as stated yesterday—about the reported change of position by the administration, I shall vote to give the President the emergency money which I think he ought to have in the interest of the country.

Therefore, I shall vote against the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. FULBRIGHT. Mr. President, as I said a moment ago, I believe this particular item is one of the most important in the bill, and I believe that certainly the President should be allowed flexibility in the use of these funds.

I believe that other items, such as the one for military aid, could stand a cut; and I voted to make such a cut. But I do not think this item can stand a cut.

Therefore, I hope the amendment will be rejected by the Senate.

Mr. SMITH of New Jersey. Mr. President, I agree 100 percent with what the Senator from Arkansas has stated.

In the committee we have studied this matter very fully.

Last year, when the Congress substantially cut special assistance, part of which was to be for contingencies, the President found himself, in March, with only \$5 million left, in special assistance funds, before some of the crises in the Middle East occurred.

So it would be foolish for us to make a cut in this \$200 million fund. If I were to take the time, I could relate many details in this connection. However, I shall not take time to do so.

Certainly, the President must have this fund, in order to take care of emergency situations as they arise; and the \$200 million is the minimum amount needed for this purpose.

Mr. ELLENDER. Mr. President, let me point out that I am not referring to the amount which was provided last year. Instead, my amendment relates only to the additional amount proposed this year.

Mr. SMITH of New Jersey. But the amount last year was insufficient and has been used before the end of this fiscal year; thus, the additional amount now proposed for the coming fiscal year is required.

Mr. ELLENDER. Last year it was called a special assistance fund, and \$225 million was provided for the same purposes for which this year it is proposed that we create two funds, with a total authority of \$412 million.

As I pointed out, in addition to the provision for \$212 million of special assistance funds which would still remain in the bill even if my amendment should be adopted, the President has the right of transferability over \$374 million of unobligated balances which are in the pipeline. He can do what he wants to with that amount. Under section 501 of the Mutual Security Act of 1954, as amended, he would have transferability over \$235 million, based on the amount to which that section is applicable in this bill. He can transfer those funds from one category to another, as he may see fit. He can do as he wishes with those funds.

Mr. SMITH of New Jersey. I regret very much that the distinguished Senator was not with us at the hearing when it was demonstrated that is not the fact. The President does not have that leeway.

Mr. ELLENDER. Does the Senator mean to say the President does not have the 10-percent transferability over this bill?

Mr. SMITH of New Jersey. Certainly he has, but there are situations existing all over the world today, and which experience tells us will exist, which will require more than can be transferred by law from other programs without harming those programs.

Mr. ELLENDER. Hostilities could break out again. I would not be surprised if they should, the way things are going in north Africa, Lebanon, and other areas. I presume that is the reason why the provision was put in the bill. But I point out to the Senator we are retaining in the bill the same special assistance fund with about the same amount as provided last year, a fund that can be used by the President as he desires. That provision would stay in the bill even if my amendment were adopted. In addition, the President has transferability in excess of \$1 billion, as I pointed out earlier.

Mr. GREEN. Mr. President, I think all the differences of opinion which have been expressed about the proposed

change show how dangerous it is to try to legislate on matters of this kind on the floor of the Senate. The Foreign Relations Committee is one of the best committees of the Senate. It has spent a great deal of time in adjusting these figures in committee. A great many proposals back and forth were made. The effect of all the different phraseology was discussed. The conclusions arrived at by the committee are now before the Senate. To begin now to "monkey" with the figures and transfer money from one fund to another would be unwise.

There are differences of opinion as to what the proposal does. Some Senators say it would take \$200 million from one place and put it in another place. Some Senators say we have made a great change. Others say no change at all has been made. Others say we have changed it in some other place. No one knows what the amendment does. Each one thinks he knows, but there is no agreement. I think the safest thing to do is for the Senate to adopt the results of the careful consideration of the committee whose duty it was to make these recommendations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendment identified as 6-4-58-F.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana will be stated.

The CHIEF CLERK. It is proposed, on page 35, beginning with line 3, to strike out all of section 5, down through line 12.

It is proposed to renumber the succeeding sections accordingly.

Mr. ELLENDER. Mr. President, over the years there have been accumulating in many countries huge sums in so-called special counterpart fund accounts. In that category there is a total of \$710,956,774 in such countries as Bolivia, Burma, Cambodia, China, Germany, Greece, Haiti, and so forth.

These counterpart funds have been accumulating over the years, and can be spent only by agreement between the country in which such funds are located, and our country.

The Foreign Relations Committee, which studies matters so carefully, as my good friend the Senator from Rhode Island [Mr. GREEN] has just stated, has put a provision in this bill that would permit the Austrian Government to use part of the funds in the counterpart account then vest them in an institution in Austria to pay damages sustained by certain Austrians at the hands of the Nazis during World War II.

The provision in this bill is the foot in the door, so to speak. There will no doubt soon be a cry to permit other countries in which counterpart funds are located to utilize such funds for purposes other than those now authorized by law.

I have gone to Austria in 3 of the past 5 years.

The first year I went there—it was 1953 as I recall—the counterpart account had some 5 billion schillings in it, about \$200 million in terms of our money to

spend. Our planners were having a hard time trying to spend that money.

Today there is a balance of \$42 million in counterpart in the fund and ways and means are being sought to spend that money. The latest seems to be a scheme to pay reparations, or damages, to Austrians who do not live there now but who were in some way injured or oppressed during World War II.

This is a purpose for which counterpart has never before been used. It is, as I said, the foot in the door. If we authorize this for Austria, Mr. President, other countries will ask for similar treatment.

France today has a balance of \$402 million in such funds.

Korea has \$188 million worth of counterpart funds.

All over the world, we have a total of over \$700 million in special counterpart accounts. If the committee language is permitted to stand, we shall, in effect, be turning over to a band of bureaucrats in the State Department, absolute authority to use that \$700 million as they may decide, subject to no congressional control, to be used for unknown and unspecified purposes.

Mr. President, because of the secrecy surrounding the military assistance we are giving to Austria I am not able to go into detail, but in the bill there is a huge sum for military assistance to Austria. Instead of permitting Austria to use this money to pay for damages done to some of her people during World War II we should, I believe, insist that the money be used to help in the military establishment, thus reducing the burden on our own taxpayers.

Mr. President, I hope this amendment will be adopted. Let us not set a precedent whereby counterpart funds in all countries where special counterpart accounts are found can be used for purposes other than those originally intended.

Mr. GREEN. Mr. President, I am very sorry to have to differ again with my good friend, the Senator from Louisiana, but I think the criticism of the provision in the bill is unfounded. The amendment would strike from the bill a section which is designed to make it possible to use 100 million counterpart Austrian schillings, which is about \$4 million, to compensate certain former Austrian nationals, who have legally verified claims against the Austrian Government for persecutions under the last regime, which was the Nazi regime.

This provision of the bill was presented to the committee by the distinguished junior Senator from New York [Mr. JAVITS], and was agreed to by the committee. It is fully explained on page 11 of the committee report.

I shall emphasize two points now, to make my statement brief.

First, the counterpart funds involved are not owned by the United States. The use of the funds, therefore, does not cost the United States anything. Legislative authority to use the funds in the manner proposed is necessary because the United States, though it does not own the funds, does have a veto with respect to their use.

Second, the counterpart funds will be loaned to the Austrian Government to satisfy the claims, and will be repaid into the counterpart account. Thus, there would be no net loss of counterpart funds.

That is a summary of what the provision in the bill, as recommended by the committee, would do.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. ELLENDER. Is this language not broad enough to permit any other country to use counterpart funds for new purposes, the same as is sought to be done for Austria?

Mr. GREEN. Similarly.

Mr. ELLENDER. Exactly. In other words, the language in the bill is not limited to Austria. The bill would make it possible for any country which has counterpart funds to utilize them for purposes other than those now provided in the law.

The report states:

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Mr. GREEN. I think there is another provision in the bill which has been overlooked by my distinguished friend, the Senator from Louisiana, which reads as follows:

Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States.

Mr. ELLENDER. That is the language which was added by the committee—the language which would make it possible for the money to be spent for purposes other than those the law now provides.

Mr. JAVITS and Mr. CASE of South Dakota addressed the Chair.

Mr. GREEN. It is obvious the language is to be considered in connection with the other language.

Mr. ELLENDER. Of course. The language modifies the present law.

Mr. GREEN. This is another case of an attempt to rewrite the committee report and recommendation.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. GREEN. I think my answer has been quite sufficient to prove to my colleagues on the floor that there is no harm in the provision as recommended by the committee, and I trust that the recommendation of the committee will be adopted by our colleagues on the Senate floor.

Mr. ELLENDER. Am I to understand the Senator to say that the Committee on Foreign Relations is in such a position that the Senate cannot amend anything it does? Is that the position taken by the Senator?

Mr. GREEN. Not at all. It should be perfectly clear that when there is some mistake made by the committee it can be corrected. No mistake has been shown to have been made by the committee. The conclusion must logically follow, unless some mistake is shown.

Mr. ELLENDER. Mr. President, the mistake I have tried to show here is that the committee is attempting to amend the present law so that counterpart funds in the special accounts can be used for purposes other than those now provided by law. Austria is going to be in need of economic aid, probably, in the next 2 years. What is going to happen? The Austrians may come to us, and the Committee on Foreign Relations may find it necessary to recommend the appropriation of more dollars so as to generate counterpart funds. Why not, then, let these funds remain available for such purposes instead of whittling away at them?

Mr. President, as I pointed out a while ago, I have visited Austria on 3 or 4 occasions. I commented to the Appropriations Committee in a report I filed several years ago that I thought it was shameful for the administration to permit the accumulation of so many schillings from counterpart funds. Austria could not spend them. It took 4 or 5 years to dispose of some of that surplus, and there are still \$42 million in counterpart funds which could be used, if desired, to help on military plans.

I repeat that the bill authorizes for Austria a huge sum—I am not permitted, because of secrecy, to tell the amount—for military aid, to assist Austria in its military effort. I say that some of these counterpart funds could be used for that purpose.

Mr. JAVITS. Mr. President—

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I have been referred to as the Member who testified on this item before the Committee on Foreign Relations; so, if I may, I should like to give the Senate the basic facts which are involved, to show how this matter came to my attention and what it means. I shall try to do so very briefly.

In Austria a law was passed a few years ago—

Mr. BUSH. Mr. President, will the Senator speak a little louder, please?

The PRESIDING OFFICER. The Senate will be in order so that the Senator from New York may be plainly heard.

Mr. JAVITS. Mr. President, a few years ago in Austria there was passed a law to establish a fund called the Hilsfand, for the purpose of looking after the interests of superannuated people, those over 60 years of age, who had suffered at the hands of the Nazis in Austria.

These are people who have since left the country and have not returned. I do not believe that any Senator would need to look into his own mind too deeply to determine why they have not returned.

Their claims are somewhere between \$1,000 and \$2,000 each. There are 30,000 of them. The right to receive any com-

pensation is based upon need. Every standard in that respect has been fully met.

The Austrian Government allocated 555 million Austrian schillings, roughly, the equivalent of about \$20 million, for the purpose of making these payments, and it provided that the payments should be made over a period of 10 years, roughly, at the rate of 55 million schillings a year.

It appeared that those in the most urgent need and facing a really dire situation represented a required expenditure at this time, if they are to be rendered any assistance—because they are very old—of 200 million schillings. The Austrian Government provided for payment of 10 percent every year. It would borrow from the counterpart funds another 100 million schillings in order to meet the urgent need of the old people, which amount, to be borrowed from the counterpart funds, it would subsequently repay.

First, this is strictly a loan transaction.

Second, it is for a highly humanitarian purpose.

Third, no commitment of any kind or character is involved. The State Department suggested this language. I originally went before the committee with a request for a special provision for this specific purpose. The State Department suggested this general language for one purpose, in order to give itself the authority to negotiate the transaction or not, as it thought wise under all the circumstances.

Mr. BRIDGES. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. I yield.

Mr. BRIDGES. Who determines the basis for the payment? Is it our State Department?

Mr. JAVITS. The individual claims are determined under Austrian law by a board designated under the law. But if our State Department has the necessary authority, before it permits any counterpart funds to be applied it will pass upon the fairness of the procedures by which the claims are adjudicated. There are some 30,000 claims. Considering the number of claims and the amount involved, a ceiling is placed on the entire operation of between \$1,000 and \$2,000 per person.

Mr. BRIDGES. Do these claims involve property damages, or personal injuries?

Mr. JAVITS. The claims involve personal injuries. The requirement of the Austrian law is that the money shall go only to people over 60, who have suffered as a result of permanent injuries received in concentration camps.

I do not think there is much question about the humanitarian aspect involved. The 100 million schillings coming out of counterpart funds is a loan, which will be made on account of a commitment to repay by the Austrian Government.

As the provision is drafted, it contains one further safeguard. It permits this transaction to take place only after agreement between the United States and the Austrian Government—

I emphasize that—and only out of what are really surplus counterpart funds. In other words, after the counterpart funds have been utilized and apportioned for every other purpose, including the military purposes, if any there be, for which counterpart funds are needed, they may be devoted to the purpose to which my friend and colleague from Louisiana has alluded. In short, this is strictly a transaction involving surplus Austrian schillings piled up and doing nothing—funds which could be made available to the Austrian Government itself by a loan transaction. This is not money which the United States could use. It is not money for which the United States bargains, or which it could use for any beneficial interest for its own purposes. These are funds over and above everything which I have mentioned.

This is a case in which, by a loan transaction in the particular situation which I have described, some people who are among the most deserving on earth, who can find no other help, will be helped now, when the help will do them some good, instead of later, when they are dead.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. If I may have the attention of the Senator from Louisiana, I should like to ask a few questions about the table which he handed me a few minutes ago. It is labeled "International Cooperation Administration Balance of Special Counterpart Accounts as of December 31, 1957." Apparently the table was prepared by the Office of the Comptroller General.

Mr. ELLENDER. That is correct.

Mr. CASE of South Dakota. Is this list of funds the total amount of funds which have not been utilized for authorized purposes?

Mr. ELLENDER. That is my information.

Mr. CASE of South Dakota. This list shows that there is involved not \$4 million, but \$710 million.

Mr. ELLENDER. That is what I though I stated to the Senator. The figure in the last column—

Mr. CASE of South Dakota. This is a proposal to give to some clerks in the State Department the authority to appropriate money and to determine the purposes for which \$710 million worth of counterpart funds shall be used. There ought not to be any mistake about the broad scope of this language. The report of the committee itself says:

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings (approximately \$4 million) to the Austrian Hillsland for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

It is intended to take care of a \$4 million situation, but according to the committee report, the provision is of general application. "General application" means that some \$710 million worth of counterpart funds will be available for

expenditure for some purpose which some clerk in the State Department may determine to be desirable or consistent with the foreign policy of the United States.

This provision will not be permitted to remain in the bill even if I am required to expend some time to advise the Senate what it is all about.

The junior Senator from South Dakota was a member of the Appropriations Committee of the House of Representatives at the time the first appropriation was made for the foreign aid program. In the deliberations of the deficiency subcommittee in the House which handled this subject, I proposed that we should require that a portion of the counterpart funds should be made available for expenditure by the United States, on the theory that when we had domestic aid programs, when we had the WPA and the PWA, we always required that the recipient community, town, or public agency put up a sponsor's contribution.

So I suggested at that time that we require that 10 percent of the counterpart funds be made available for expenditure for the purposes of the United States. There was some objection to it at the time. I think I first suggested 20 percent. When the bill was reported to the House, the figure was 10 percent. The result of the conference was a figure of 5 percent. I recall that in those days we were jealous as to the purposes for which counterpart funds were to be used. We regarded them as an asset of the United States, purchased by tax dollars spent for assistance given to other countries.

Have we become so callous and so indifferent to the use of assets of the United States that we are now going to say that \$710 million worth of counterpart funds may be used by the recipient nations for other purposes, agreed to by the United States, which are consistent with the foreign policy of the United States, without spelling out the standards or providing some guide lines to indicate the purpose for which those funds are to be used? I wonder if Members of the Senate really realize just what is involved.

It is not merely \$400 million. In Austria they have a billion units of shillings, worth \$41 million. I will leave off the odd dollars. In Belgium and Luxembourg, \$405,000 worth of francs. In France, \$402,000 worth of francs. In Ireland, \$10,082,000 worth of pounds. In Italy, \$82,295,000 worth of lira. In the Netherlands, \$2,350,000 worth of guilders. In Norway, \$97,000 worth. In Portugal, \$665,000 worth. In the United Kingdom, \$552,000 worth. Those are countries not currently receiving economic assistance. The total is \$138 million worth of counterpart funds, which under the language in the bill would be available for purposes other than those spelled out in mutual-aid legislation to this date. The money will be available for other purposes—agreed to by the United States, to be sure—consistent with the foreign policy of the United States.

If Members of the Senate have any imagination at all, they will realize that

the other purposes agreed to by the United States will be some purposes that some clerk in the State Department or in the mutual-security office suggests or finds are consistent with the general foreign policy of the United States.

The \$138 million is not the total story. There is \$572 worth of counterpart funds in other countries. Let me review that list.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. CASE of South Dakota. Here are some of the other countries in which the idea of someone in the State Department or someone in the MSA will determine the expenditure of funds created by taxpayer dollars. In Greece—

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. ERVIN. I should like to ask the Senator if I am correct in my understanding that these counterpart funds originate from shipments of surplus farm crops which the Government of the United States originally purchased.

Mr. CASE of South Dakota. In some instances, but not wholly. These counterpart funds would not be limited to funds obtained by the sale of surplus agricultural commodities. These counterpart funds would be funds obtained by giving economic assistance or military assistance to some country which put up counterpart funds in its own currency.

Mr. ERVIN. In other words, they are, in effect, a gift obtained from the American people, from the United States, given to those nations, primarily for the purpose of enabling them to develop economic improvements. Is that correct?

Mr. CASE of South Dakota. This would be the second gift. In the first place, we made available assistance in terms of dollars or materials. Then again, under this language, we would be able to give them back to the countries for whatever purpose might be agreed upon by the representative of the United States if found consistent with our general foreign policy.

Mr. ERVIN. Am I to understand that the excuse which was made for the inclusion of the language in the bill, which would permit what is really a diversion of counterpart funds from the original purposes, is that it would be desirable to authorize the State Department to enter into agreements with Austria whereby the present Austrian Government would pay claims against the defunct Nazi Austrian government filed by persons who had been placed in concentration camps in Austria while it was under Nazi rule?

Mr. CASE of South Dakota. Apparently that would be possible.

Mr. ERVIN. In other words, in the long run it would mean that we would ask to release these counterpart funds from their original purpose upon the pretext that the money would be used to pay claims, aggregating \$4 million, to victims of the previous Nazi Government of Austria; in other words, that the sins of the Nazis would now be saddled upon the American taxpayers indirectly?

Mr. CASE of South Dakota. Yes. The case for that is made upon the \$4 million item. However, I ask Senators to listen to some of the other places where this money might be used. Through the years we have developed specific uses for counterpart funds. They have been used for building and the maintenance of embassies, the purchase of strategic materials, and so forth; but if the funds have not been spent for that purpose, under the language of the bill they could be used for other purposes. Let me read the proviso in the bill:

Provided, That if amounts in such remainder exceed the requirements of such programs—

That is, if the amount exceeds the requirements of authorized programs such as the use of the counterpart funds for the payment of State Department expenses, in connection with embassies, for example, or for the procurement of raw materials—

the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States.

What purposes? Purposes agreed to by the United States. Which means that some representative or clerk could make the determination. Purposes which are "consistent with the foreign policy of the United States."

Let me read some of these figures. Yugoslavia, \$13,680,000 worth of dinars, to be used for such purposes as some clerk in MSA or the State Department might determine was consistent with the foreign policy of the United States. In Vietnam, \$38 million worth. In Turkey, \$21 million worth. In Thailand, \$19 million worth. In Spain, \$25 million worth.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. In the Philippines, \$4 million worth. In Pakistan, \$64 million worth. In Laos, \$611,000 worth. In Korea, \$108,770,000 worth. In Jordan, \$1,849 worth. In Iran, \$5,200,000 worth. In Indonesia, \$13,347,000 worth. In Iceland, \$11,811,000 worth. In Haiti, \$250,000 worth. In Greece, \$122,678,000 worth.

What reason is there for giving some employee of the MSA or the State Department the right to determine the purposes for which \$122 million worth of Greek money shall be spent if it is found to be consistent with the foreign policy of the United States, and taking the determination away from Congress and its Appropriations Committees?

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. Does the Senator know of any similar situation where the employees of this agency have the right to spend \$100 million without reference to Congress?

Mr. CASE of South Dakota. No.

Mr. ANDERSON. Does the Senator know of any other group that can spend over \$100 million under such general language as is contained in the bill, without reference to Congress?

Mr. CASE of South Dakota. No. When we have had emergency funds to

expend, we have at least put them in the hands of the President, and we have asked that the President make the determination or finding.

Mr. ANDERSON. This money is not being placed in the hands of the President?

Mr. CASE of South Dakota. No. It is to be spent for purposes agreed to by the United States, consistent with the foreign policy of the United States.

Mr. ANDERSON. Would it have to be referred to Congress?

Mr. CASE of South Dakota. Nothing in the provision says that.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I shall yield as soon as I have read the remaining figures.

Mr. JAVITS. Will the Senator yield to me, inasmuch as the whole picture has been distorted? Why does not the Senator yield to me?

Mr. CASE of South Dakota. I shall be glad to yield after I have read four more lines.

In Germany, \$18 million worth. In China, \$21 million worth. In Cambodia, \$2,488,000 worth.

Now I yield to the Senator from New York.

Mr. JAVITS. Mr. President, will the Senator please tell us—I know he is astute in international matters—what difference he believes exactly and precisely will be created by the amendment over the existing situation in the law today as to the counterpart funds, as he understands it?

Mr. CASE of South Dakota. My understanding is that today the purposes for which counterpart funds may be used in some instances are spelled out. They are for authorized purposes. In this instance it would be for other purposes. They could be used with the sky as the limit, provided the use was consistent with the foreign policy of the United States.

Mr. JAVITS. May I go over that point with the Senator? First, I believe we agree that counterpart funds are not our money; such funds are money which can be spent for certain purposes only with the consent of the benefited country. Is that not correct?

Mr. CASE of South Dakota. Not wholly. The 5 percent of the counterpart funds which were made available for expenditures by the United States can be expended by us without consultation.

I think there has been some amendment to the law since the original provision was enacted. I have not served on the Committee on Foreign Relations or on the Committee on Appropriations for some time. I have not tried to keep informed about all the amendments throughout the years with respect to this matter.

Mr. JAVITS. The amendment does not affect the 5 percent or the 10 percent, does it? It very clearly says after all other purposes for which counterpart funds can be used have been served. So it does not affect the 5 percent or the 10 percent.

Mr. CASE of South Dakota. That is correct.

Mr. JAVITS. Moreover, the amendment does not affect the use of counterpart funds for any other purposes for which the funds can be used under the bill, whether for technical assistance, economic aid, or military assistance. It says so in express terms. So it does not affect whatever may be required or agreed upon to deal with other provisions of the bill. Are we agreed upon that?

Mr. CASE of South Dakota. We are agreed on that.

Mr. JAVITS. So the only thing the amendment affects is some indeterminate sum over and above all other requirements which do not belong to us anyway.

Mr. CASE of South Dakota. I do not agree to that.

Mr. JAVITS. Will the Senator say why?

Mr. CASE of South Dakota. Because in the basic provision with respect to the counterpart funds there was a clause, if my memory is correct, to the effect that Congress was to agree upon the purposes for which the funds might be spent. Here, in one blank check, we are turning over to an employee somewhere in the Government the determination of what those other purposes may be. There is no definition or delineation.

If there is \$710 million worth of counterpart funds which cannot be expended for the purposes which have been agreed upon, then I say that Congress should take those funds into consideration, and have hearings held, and determine appropriate purposes for the expenditure of those funds. The determination of the purposes should not be left to some employee in the executive branch of the Government, about whom we do not know anything or at what level the determination may be made.

Mr. JAVITS. The Senator from South Dakota has been referring to a figure of \$700 million. The \$710 million is the whole counterpart package, and it is necessary to deduct from that at 10 percent, plus the funds for counterpart use and other purposes under the act. So the amount is not \$710 million, is it? It must be some very much smaller sum.

Mr. CASE of South Dakota. I sought to identify the sheet and the character of it by the Senator from Louisiana when he handed it to me. This is the balance as of December 31, 1957. At least, that is what it says. It says how much of the \$710 million may be in the 10-percent fund or how much may be expended for some purposes within the authorized purposes. In any event, it was the balance as of December 31, 1957, in the special counterpart account.

Mr. JAVITS. Will the Senator then say that we have \$8 billion, as I understand it, in the pipeline for mutual security, and we are appropriating another \$3 billion now, or we will under this particular authorization? That is around \$11 billion. That is not counterpart money; that is hard American money.

Does the Senator from South Dakota say that when we used the words "the

United States" in this particular revision, the expenditures will be made irresponsibly by some eighth-grade clerk; but that the \$11 billion can be safely entrusted to the President himself, or to some very high official of the Government with the President's approval? Is that the Senator's argument?

Mr. CASE of South Dakota. No. My argument is that the Senator has made the case a little worse. The Senator has pointed out that there will be \$11 billion more to generate counterpart funds. If there is already this much of a balance left, and we are going to generate additional counterpart funds, then I say that if there is already a surplus of counterpart funds, there will be a greater surplus when the new authorization has been expended. That is all the more reason why Congress should address itself to this balance and determine the purposes for which it shall be used.

Mr. JAVITS. The Senator made a statement about the sum of \$11 billion. It is a fact that military aid money does not generate any counterpart funds, and that today very little of what is expended under the whole foreign aid program generates counterpart funds. This is all a heritage of other days, when counterpart was generated in very large part.

Mr. CASE of South Dakota. If the Senator from New York wants to break down the \$11 billion, to determine how much it will generate in counterpart funds, let us take that figure. But the Senator from New York pointed out that there is \$11 billion more in the pipeline or about to be authorized, and out of that grant there will be \$11 billion of counterpart funds generated. Out of that, there will be some surplus.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. YOUNG. Under the average arrangement made with foreign countries with respect to Public Law 480, the United States reserves from 20 to 30 percent for United States use. We are authorizing more and more Public Law 480 funds, so more and more counterpart funds will be generated.

I think it is absurd to leave to some Government official the discretion of spending hundreds of millions of dollars. We are continuing to build up these funds more and more.

Mr. CASE of South Dakota. I think that is a good point. We are getting more counterpart funds all the time. We ought to look upon them as an asset. When we had under consideration an extension of Public Law 480, I proposed an amendment to create a special trust fund in the Treasury into which the counterpart funds would be placed, to make them subject to direct appropriation, so that Congress could review the purposes. But here it is proposed that Congress will not review them, but will let some clerks review them and determine the purposes for which they shall be spent.

Mr. YOUNG. We are finding more and more uses for counterpart funds in lieu of United States dollars in almost every country. Are we going to use them or spend them willy nilly in the future

or are we going to try and find more uses in lieu of United States dollars in the future? This open-door provision is one of the reasons why I stopped voting for the foreign-aid program. It is getting wilder and crazier every day.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. I think that what the able Senators are objecting to is a matter which has already been settled and handled by Congress by virtue of existing laws. Of the counterpart funds, the United States reserves 10 percent. The balance of such funds belongs to the countries in which they are generated. Those countries have the right to spend the funds in any way they see fit. But the United States Government reserves the right to veto the way in which the foreign countries spend those funds.

If we are to do what the able Senators are talking about, we should have made such a provision in the act many years ago. This particular amendment does not change anything at all, except that this is a case in which Congress is asked to pass upon a specific expenditure which is not an expenditure. It is a loan. We will loan the money to the Austrian Government. The Austrian Government will pay it back.

In this case, what is objected to is something which the committee covered by writing it into the law.

At this time, of all the funds the Senator named in the respective countries, the United States owns 10 percent of the total amount. Nevertheless, under the existing law the unseen clerks whom the Senator is talking about have the right to say for what purpose the money shall be spent. If the Senator wants to change that provision, he will have to change the existing law.

In this case the committee specifically said that there is X amount of counterpart funds in Austria which is not needed by the Austrian Government. They have no need for it; they have no way to spend it. They have asked that it be spent for a specific purpose at the present time, and they will repay the fund at a later specified date.

So what the Senator is complaining about is covered in the law.

Mr. CASE of South Dakota. Perhaps the Senator from Indiana can point out to me where that has been limited in the report. Can the Senator point out where the \$400 million for the Austrians is limited?

Mr. CAPEHART. What does the Senator mean by "limited"?

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. Does the Senator find any language in the bill which either limits the fund to Austria, limits it to \$400 million, or limits it to repayment?

Mr. CASE of South Dakota. No; but I think perhaps the Senator from Indiana might be able to point out where it is limited.

Mr. ANDERSON. I shall be happy to hear him say so.

Mr. CAPEHART. Page 11 of the report covers it.

Mr. CASE of South Dakota. Yes. Will the Senator read it carefully? Read the third clause of the first paragraph. Do not overlook that.

Mr. CAPEHART. It provides:

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed upon by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Next, I read the following from the report:

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to by the United States and consistent with United States foreign policy, if the amount of counterpart exceeds the requirements for purposes for which new funds would be available.

The amendment covers that. We are specifically designating that they have the right to use this amount.

Mr. CASE of South Dakota. That is the clause which I wanted the Senator from Indiana to emphasize.

Mr. CAPEHART. I read further from page 11 of the report.

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings (approximately \$4 million) to the Austrian Hilsfand for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

The Hilsfand was established for this precise purpose by the Austrian Government. So far, about 30,000 claims have been filed, and certified by the Austrian Government for payment, mostly in amounts equivalent to \$1,000 or \$2,000 and largely by persons over 60 years of age. The Austrian Government feels its budgetary situation permits payment of only about one-fourth of the claims this year. Although Austrian law now requires all of the claims to be paid eventually, it is desirable that the process be hastened in view of the advanced age of the claimants.

The Austrian counterpart fund exceeds the requirements for purposes for which new mutual security funds would be available, and therefore qualifies under the proviso written into the act by the committee. Without the proviso, however, counterpart could not be used for the Hilsfand, because new mutual security funds would not themselves be available for this purpose.

It is intended that the counterpart be furnished the Hilsfand on a loan basis, so that eventually the counterpart account will be replenished.

Mr. CASE of South Dakota. The Senator from Indiana has read from the committee report the portion which says that counterpart funds today can be used—and in that connection I call attention to the first paragraph—

For programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

That is what counterpart funds can be used for today. Ten percent of them is set aside for the use of the United

States. The balance of the counterpart funds today can be used for the purposes authorized by the act for the money we appropriate.

However, now section 5 adds a proviso which would permit the use of counterpart funds for other purposes—that is, purposes other than the purposes set forth in the mutual aid acts; in other words, for purposes other than military assistance and other than defense support and other than economic assistance.

What are those purposes? Who can tell? Only one purpose has been set forth here tonight, namely, in the case of \$4 million for Austria.

A little while ago the Senator from Indiana was suggesting that there was some limitation in this case, and that all the bill did was take care of the Austrian situation. But he has read paragraph 3 on page 11 of the report, which begins as follows:

Although of general application, this amendment is designed in particular to make it possible for the Austrian government—

And so forth. But that paragraph begins with the words "Although of general application"—in other words, for any purpose.

What Member of this body can imagine the uses for these funds that might be conceived of or imagined by some person in the executive branch. Over a course of years the mutual aid program has been expanded, and there have been new purposes and new countries and new areas, all in connection with expanding the program. All those new ones have been brought in; but they do not cover all the purposes for which these excess funds may be used. They may also be used for other purposes, purposes for which the new funds authorized by this act would not be available. In other words, they may be used for some unimagined purpose, some purpose the committee has never considered, other than in the one instance of the \$4 million, of a possible total of \$400 million, for Austria, and of a possible \$710 million for other countries throughout the world.

Mr. CAPEHART. But the report states, in part:

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to by the United States and consistent with United States foreign policy—

And so forth. That is the way we are now spending counterpart funds, under existing law.

Mr. CASE of South Dakota. No; we are not, because the purposes for which counterpart funds today may be used are those for which direct appropriations can be made.

In the paragraph just ahead of that one—I refer to the first paragraph the Senator from Indiana read—on page 11—it is pointed out that the remainder of the counterpart funds, other than the 10 percent, is available for use for programs agreed on by our country and by the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Mr. CAPEHART. The Senator from South Dakota is correct, except here we are talking about funds the Austrian Government owns and controls, but cannot spend, except with the approval of the United States. We are not talking about the 10 percent the United States reserves.

Mr. CASE of South Dakota. But we are talking about not merely the \$4 million out of the \$410 million Austria has; we are also talking about \$710 million worth of funds scattered among all the other countries I have mentioned.

Mr. WILLIAMS. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. WILLIAMS. The Senator from Indiana has stated that this is limited to Austria alone. But I point out that section 705 has no such limitation. Therefore, when we vote, we shall vote on the provisions of the bill, not on the report.

Mr. CASE of South Dakota. But even the report does not say it is limited to Austria.

Mr. WILLIAMS. That is correct. Austria is, in this case, only one of the many.

Mr. CASE of South Dakota. Furthermore, the third paragraph to which I have referred begins with the words "Although of general application."

Mr. WILLIAMS. That is correct. Therefore, there is no limit.

Mr. ANDERSON. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. Let me point out that not long ago we passed a piece of proposed legislation that the Finance Committee had considered very carefully, and the Senator from Delaware had worked on it. We adopted language which was agreed to by everyone as being proper to accomplish the specific purpose; and the bill was passed. But then the agency administering it said, "We do not believe this should have been the purpose of the legislation."

So even though the report may contain limiting language—although I do not believe the report limits this in any way—I do not believe we can depend on it to limit the way in which this provision will be carried out.

Mr. CASE of South Dakota. Yes.

The report says, in effect, "The Austrians can be taken care of by means of the \$4 million which has been earmarked for that purpose; to that extent, and to that extent only, the Austrians can be taken care of."

Mr. CAPEHART. But the funds involved here are not the 10-percent owned by the United States. Instead, they are the counterpart funds which are owned by the respective countries—funds over which the United States has absolutely no control, except it can veto the purpose for which the other countries may wish to spend the money.

The Austrian Government wishes to spend \$4 million for the purpose set forth in this instance; but those are counterpart funds of the Austrian Government, over which we have no control,

Mr. CASE of South Dakota. If it were limited to the Austrian Government's counterpart funds, I would not say another word about this matter.

Mr. HUMPHREY. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. HUMPHREY. I believe the Senator from South Dakota has been of very great assistance to the Senate. I, too, am very much disturbed about this provision. I have said this before publicly, and also privately to some of my colleagues.

I wonder whether there could be included a proviso to the effect that whenever there is an agreement as to the use of these funds, other than in the case of the funds which have been the subject of recent agreements, there will be a period of time in which a report must be made to the respective congressional committees, in the same way that similar reports are made in regard to atomic-energy projects and in regard to water projects in connection with agriculture.

I believe the Senator from South Dakota is concerned lest someone in the State Department proceed, without paying any attention to the expressed wishes and stated plans of the Congress, to designate the use of these funds without any control whatever by Congress or without any review by Congress, or without any opportunity on the part of Congress to evaluate the purpose and to decide whether it is a constructive one.

So, if we add a proviso which will require that before any such agreement is consummated, a period of time of, let us say, 30 days must elapse, during which the State Department must report to the Appropriations Committees of the Senate and the House of Representatives, for their review, that will give us an opportunity even further to tighten up this provision in the conference committee, if there is any need to do so.

Mr. CASE of South Dakota. Personally, I think that would be a great improvement. I do not know whether the Senator wants to say 30 days, or perhaps 60 days, but, in any event, a reasonable time so the committee—and I would suggest the Committee on Foreign Relations as well as the Committee on Appropriations—can receive a report as to the purposes for which the money is to be spent, so that there will be some opportunity for Congress to express itself.

Mr. HUMPHREY. I think 60 days would be desirable, and would give plenty of time to have a proper study and review, and would not hold up the paperwork which would be involved. I think the suggestion of the Senator from South Dakota that there be a review by both the authorization committee as well as the Appropriations Committee is a desirable one.

I have suggested to the staff member, in consultation with the distinguished Senator from New Hampshire and the distinguished Senator from New York, that we ought to try to draft a provision which would accomplish the purpose which the Senator from South Dakota has outlined. As I see it, what the Senator wants to do is not to prevent the

use of the funds, but so to provide for their use that we shall know what they are going to be used for and that they will be used sensibly.

Mr. CASE of South Dakota. That is right, and so we shall be assured that the funds will not be squandered or used for a purpose which Congress has not approved.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. BUSH. Would not this amendment to the pending amendment meet the situation? It would be as follows:

On page 35, line 10, after the word "amounts" insert the words "not in excess of \$4,000,000."

In view of the way the report reads, these funds are pinpointed for a special situation, which has been outlined by the distinguished Senator from New York [Mr. JAVRS]. Inasmuch as the committee has pinpointed the situation, it is perfectly proper for the bill to limit the amount. If the Senator will permit me, I should like to send to the desk this amendment, provided he has completed his statement.

Mr. CASE of South Dakota. I think the amendment would improve the proviso in the bill substantially. It would take care of the immediate situation. However, I think there is merit in the suggestion of the Senator from Minnesota that it be possible to use the funds for other purposes, provided they have the approval of the appropriate committees.

The PRESIDING OFFICER. The Chair should like to inquire whether the Senator from Connecticut has offered the amendment or desires to offer the amendment?

Mr. BUSH. Mr. President, I do not have the floor. I send the amendment to the desk. I shall call it up after the Senator has completed his remarks.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. DWORSHAK. I think the Senator from South Dakota and the Senator from Louisiana have rendered outstanding service in calling this rather dubious and questionable procedure to the attention of the Senate. However, I do not think we ought to proceed to remedy the apparent ambiguity, because a few moments ago the chairman of the committee chided Members of this body, who were not members of the Foreign Relations Committee, for trying to write legislation on the floor of the Senate. If in the wisdom—and I do not question the wisdom—of the great Committee on Foreign Relations, it reported the bill in good faith and as a result of its sound judgment, as it viewed the bill, I question whether we should make an effort to correct it on the floor.

Does the Senator from South Dakota agree with me that there has been a glaring deficiency, if not perhaps unintentional deception, in the presentation of the report explaining this particular procedure in the handling of counterpart funds? The only wise procedure is to reject this particular provision, send it back to committee, and let the com-

mittee give it further consideration, instead of jeopardizing the enactment of this legislation. Does the Senator from South Dakota agree with that conclusion?

Mr. CASE of South Dakota. Not quite, because I do not think there was any intended deception. There may have been a failure to point out all the implications of the proviso given in section 5, but I do not think there was deception. In fact the committee report did use the words "although of general application," and that should put us on guard that the possible use of the counterpart funds under the proviso was not limited to the Austrian case.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. The Senator from South Dakota is a very fine parliamentarian. I wonder how he would apply the amendment which has been suggested by the distinguished Senator from Connecticut to an amendment which strikes the whole section. Does the Senator mean the amendment should be offered as a substitute?

Mr. CASE of South Dakota. No. It would be a perfecting amendment, in my judgment, and would be entitled to be voted on before the vote on the amendment which would strike the section.

Mr. ANDERSON. That would be a perfecting amendment to an amendment.

Mr. CASE of South Dakota. The Senator from South Dakota was advised that the original amendment was being considered as original text for the purpose of amendment. Therefore, a motion to perfect an amendment to a paragraph it is proposed to strike out would take precedence.

Mr. ANDERSON. Does not the limitation suggested by the distinguished Senator from Connecticut allow \$4 million to be available to every nation and any nation, rather than a specific amount?

Mr. CASE of South Dakota. I think it would. But in the light of the committee report, it would be so earmarked that it would be followed by the MSA.

Mr. ANDERSON. It could very easily be taken care of by inserting a comma after the language in the quotation marks, and putting in a proviso limiting the total amount to all nations to \$4 million.

Mr. BUSH. I did have it that way, but either way accomplishes the purpose. I shall be glad to change it if the Senator from New Mexico wants it that way. In either case it is a limitation, in view of what the report says that the money is pinpointed for a specific purpose. That is what the committee put in the bill. Let us limit it and pinpoint it and go ahead and vote on it.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. CURTIS. To whom do these counterpart funds belong?

Mr. CASE of South Dakota. A portion of them belongs to the United States. The balance of the funds remains in the possession of the recipient country, but

may be expended only with the approval of the United States.

Mr. CURTIS. How much belongs to the United States?

Mr. CASE of South Dakota. Ten percent, at least.

Mr. CURTIS. How much does that amount to?

Mr. CASE of South Dakota. I do not know whether the particular balance sheet we have represents the portion after the 10 percent has been taken into consideration. I suppose we would have to go back to the original amount.

Mr. CURTIS. Approximately how much belongs to the Government?

Mr. CASE of South Dakota. If we could assume that the \$710 million is the amount of the counterpart funds, without the subtraction of 10 percent, which would be \$71 million, it would be \$710 million less \$71 million.

Mr. CURTIS. But the \$71 million or thereabouts belongs to the United States?

Mr. CASE of South Dakota. Yes.

Mr. CURTIS. Is that a part of the assets of the Treasury?

Mr. CASE of South Dakota. I think it is, but, in effect, it has been appropriated by prior acts, in that the 10 percent has been made available for expenditure by our embassies.

Mr. CURTIS. But it is part of the assets of the Treasury?

Mr. CASE of South Dakota. It certainly is. It can be expended only by the Treasury of the United States.

Mr. CURTIS. According to the bill as written, assuming it is passed, can the money be spent without an appropriation?

Mr. CASE of South Dakota. I think it can, but that opinion is based on the recollection that the authorization of the expenditure of 10 percent of the counterpart funds is carried in prior MSA acts.

Mr. CURTIS. The Constitution is quite specific on that point. It provides that no money shall be drawn from the Treasury except in consequence of appropriations made by law. Because of the fact that away back in some previous year an appropriation was made, and by reason of that appropriation certain other transactions took place and money again flows to the Treasury, certainly the distinguished Senator from South Dakota does not take the position that the earlier appropriation grants authority to continue to spend that money without appropriation.

Mr. CASE of South Dakota. The Senator from South Dakota perhaps would like to take the position which the Senator from Nebraska suggests, but he does not believe he could, for this reason: The basic foreign-aid acts authorize appropriations to be made for certain purposes, and within that authorization there was the proviso for the 10-percent counterpart funds which would be expendable for certain purposes. Such action, in itself constituted an appropriation resolution.

Mr. CURTIS. That is an authorization.

Mr. CASE of South Dakota. No. I think that action under the interpreta-

tions of the House of Representatives, at least, would constitute a continuing appropriation of the 10 percent.

Mr. CURTIS. I would seriously question, if it is an asset of the Treasury, that it can be spent without being appropriated.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. YOUNG. The usual arrangement in respect to Public Law 480 funds is that 20 or 30 percent is set aside for United States use, with the rest of the funds loaned to the respective countries. The funds are not given to the other country, but remain an asset of the United States Government.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I think it is very important that we do not misguide the RECORD about counterpart funds, about who owns them, and about how much in foreign currencies is owned by the United States.

Public Law 480 funds are foreign currencies generated from the sale of surplus commodities, and those currencies are owned specifically and entirely by the United States.

Mr. CASE of South Dakota. The Senator is correct.

Mr. HUMPHREY. Those currencies may be loaned under agreements. However, the counterpart funds are funds 10 percent of which are owned by the United States and 90 percent of which are owned by the other country; that is, the partner country or the recipient country.

Mr. CASE of South Dakota. The funds are owned subject to an expenditure by agreement.

Mr. HUMPHREY. The funds are owned subject to our agreement as to their expenditure.

In the instance of Austria, we are talking about funds which are Austrian funds, to the expenditure of which we must agree.

We are not talking about American funds, but we are talking about Austrian funds. Under the nature of our agreements with Austria, because of former economic assistance, we have some control over expenditures.

I am not saying that the Senator from South Dakota is not making a very valid argument in terms of programing funds over which we have control, but the Senator is not talking about money owned by the United States.

Mr. CASE of South Dakota. Mr. President, I yield the floor.

Mr. BUSH. Mr. President—

The PRESIDING OFFICER. The Senator from South Dakota has yielded the floor. The Chair recognizes the Senator from Connecticut.

Mr. BUSH. Mr. President, I call up the amendment I previously sent to the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 35, line 10, after the word "amounts" it is

proposed to insert "not in excess of \$4,000,000."

Mr. BUSH. Mr. President, the whole purpose of the amendment is to do what the committee intended to do, namely, to provide a limitation of \$4 million. The committee report states the purpose for which the money is to be used. There is nothing more to say about it, so far as I am concerned.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. BUSH. I hope the Senate will adopt the limitation and agree to the amendment.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I should like to express my gratitude to all of my colleagues for helping clarify this matter for the people who really deserve this help. My purpose is very limited, as I stated quite clearly.

Mr. DWORSHAK. Mr. President, I certainly hope that we shall have some assurance from the chairman of the committee or members of the Committee on Foreign Relations as to whether this amendment receives their approbation. I would not want the Senate to adopt an amendment unless the amendment has such approval.

Does the Senator from Connecticut have such assurance?

Mr. BUSH. I have no assurance, but I think the vote will tell the story. With the amendment in the bill I have no doubt that the bill will go to conference and be straightened out in a manner satisfactory to all concerned.

Mr. GREEN. Mr. President, I think this debate has been very profitable. We are considering an exception to the general rule that we ought not write legislation on the floor of the Senate. I think this is a good exception. The limitation of \$4 million is a good limitation. We can postpone action on other aspects of the matter to some other time and some other place.

I accept the amendment to limit the amount to \$4 million, and provide for its disposition.

The PRESIDING OFFICER. The Chair is advised that the perfecting amendment offered by the Senator from Connecticut [Mr. Bush] must be voted on prior to the vote on the amendment offered by the Senator from Louisiana [Mr. Ellender].

Mr. ELLENDER. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. My amendment is pending, Mr. President. What right does the Senator from Rhode Island have to accept an amendment, when there is pending an amendment I offered?

The PRESIDING OFFICER. The Chair is advised that the amendment offered by the Senator from Connecticut [Mr. Bush] is intended to perfect the language which the amendment offered by the Senator from Louisiana proposes to strike. Therefore, it is proper to proceed first to the consideration of the perfecting amendment.

Mr. ELLENDER. Certainly.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MORSE. I think it should be said for the RECORD that the Senator from Connecticut is carrying out what was the original intention and desire of the Committee on Foreign Relations. I think I have heard no one say it, and there should be a statement as to why we did not write such language into the bill. My recollection is that the reason the committee did not write the language in the bill was a recommendation of the State Department itself. The Department preferred the more general language, because it was thought if it were specified, it might establish an undesirable precedent and might invite in the future other specific instances of this type.

I think we have learned a good lesson. Some of us thought we should have kept the limitation in the bill in the first place. The amendment now offered by the Senator from Connecticut will put the Committee on Foreign Relations in the position where at least most of us thought we ought to be in the beginning.

The PRESIDING OFFICER. The Senator will suspend for a moment.

At this time the Chair wishes to advise the Senate, apropos of the inquiry made by the Senator from Louisiana, that the last paragraph on page 28 of Senate Procedure reads as follows:

Pending a motion to strike out, an amendment perfecting the part proposed to be stricken out, or an amendment inserting other language in lieu of that proposed to be stricken out, is in order and has precedence over the motion to strike out.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, I hope my colleagues will consider the significance of the implication contained in the statement made by the Senator from Oregon. The committee, when it wrote the bill, chose general language because it feared, if it pinpointed the \$4 million payment authorized, a precedent would be established, bringing a deluge of similar claims. The purpose in using general language—which procedure was suggested, as has been said, by the State Department—was to conceal the fact that \$4 million of the money was to be used to pay persons who were injured by the Nazi government in the Second World War.

When the State Department made that proposal, it undoubtedly had in mind that if it became generally known this were to be done many demands would be made of a similar character. What the committee feared to do we proceed now to announce to the world. We are to pay claims which justly existed against the Nazis for damages inflicted upon citizens within some other country.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. LAUSCHE. My question is: What will the deluge be?

I yield to the Senator from Connecticut.

Mr. BUSH. Does not the Senator think the amendment which would limit the whole amount to \$4 million answers the question the Senator is propounding?

Mr. LAUSCHE. The point I am trying to make is that according to the Senator from Oregon the State Department said, "Do not mention the \$4 million; write this in as general language in the bill."

Mr. BUSH. If the Senator will yield further, I should like to point out that in the report, which is already a public document, the whole purpose is spelled out in great detail.

Mr. LAUSCHE. Then I ask the Senator from Connecticut: Why was it not originally written into the bill, if the reason is not in accordance with what the Senator from Oregon has said?

Mr. CASE of South Dakota. Mr. President, will the Senator permit me to answer that question?

Mr. LAUSCHE. I yield.

Mr. CASE of South Dakota. In my opinion, it would give the State Department a blank check to spend it all.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. ANDERSON. Is not the present situation a good illustration of the old quotation—

Oh, what a tangled web we weave
When first we practice to deceive.

Mr. LAUSCHE. One further thought and I shall be through. This is the first revelation of the problems which confront the Congress as these counterpart funds accumulate. Eyes will be directed toward those funds. Means will be adopted to reach them. The committee, recognizing that fact, used general language instead of specific language.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. ERVIN. I should like to ask the distinguished Senator from Ohio if he can think of any reason why counterpart funds should be used to compensate the victims of the Nazis in the Second World War, and not used to compensate the victims of the Japanese in the Second World War.

Mr. LAUSCHE. I think the question answers itself.

Mr. President, I believe that this question is of such significance that it ought not to be legislated upon on the floor of the Senate tonight.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I do not believe the committee intended to practice any deceit. If Senators will refer to page 11 of the report of the committee, it will be seen that the report fully sets forth just what was intended.

I invite attention to the fact that this provision relates only to that portion of counterpart funds over and above other purposes for which the funds could be available. That, too, is set out in the committee report.

Mr. LAUSCHE. Let me correct the Senator from Alabama. I made no statement on this subject until a member of the committee stated that, at the suggestion of the State Department, it was deemed advisable not to mention the \$4 million in the bill. That is the basis upon which I say that there was a fear to reveal what was happening.

Mr. SPARKMAN. The only thing I am trying to say is that the report of the committee, on page 11, states the situation clearly. If the Senator will take time to read it, he will certainly see that a full explanation was given.

The distinguished Senator from Ohio served as Governor of his State for a good many years. He knows that often legislation affecting only 1 county, 1 city, or 1 particular subject, is enacted as general legislation. That happens to be what was done in this instance. The provision was written in the form of general legislation, but it had specific application, and that specific application was set forth fully, clearly, and I believe distinctly, on page 11 of the committee report. Therefore, I say that the committee is not trying to conceal anything. It is not trying to deceive. I believe it has made a full and open disclosure. The only question is whether or not we wish to apply this form of compensation.

Mr. SPARKMAN subsequently said: Mr. President, I ask unanimous consent that, in connection with the remarks I made a few moments ago relating to this subject, there be printed as a part of those remarks the entire section 8, found on page 11 of the committee report; also that there be printed a paragraph beginning on page 15 of what was at the time confidential information before the committee in the form of a report which the committee had before it, and continuing to page 17, setting forth the position of the executive branch on the so-called Javits amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. CASE of South Dakota. Mr. President, reserving the right to object—and I do not intend to object—I merely wish to observe that when the question of deception was raised earlier on the floor I specifically denied that there was any attempt on the part of anyone to deceive. Also section 8 was placed in the RECORD by the Senator from Alabama.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

8. USE OF COUNTERPART SPECIAL ACCOUNT (SEC. 5)

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to be the

United States and consistent with United States foreign policy, if the amount of counterpart exceeds the requirements for purposes for which new funds would be available.

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings (approximately \$4 million) to the Austrian Hilsland for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

The Hilsland was established for this precise purpose by the Austrian Government. So far, about 30,000 claims have been filed, and certified by the Austrian Government for payment, mostly in amounts equivalent to one or two thousand dollars and largely by persons over 60 years of age. The Austrian Government feels its budgetary situation permits payment of only about one-fourth of the claims this year. Although Austrian law now requires all of the claims to be paid eventually, it is desirable that the process be hastened in view of the advanced age of the claimants.

The Austrian counterpart fund exceeds the requirements for purposes for which new mutual security funds would be available, and therefore qualifies under the proviso written into the act by the committee. Without the proviso, however, counterpart could not be used for the Hilsland, because new mutual security funds would not themselves be available for this purpose.

It is intended that the counterpart be furnished the Hilsland on a loan basis, so that eventually the counterpart account will be replenished.

EXECUTIVE BRANCH POSITION ON THE FOREGOING JAVITS AMENDMENT

The executive branch favors the use of Austrian counterpart for this purpose. It will, of course, be necessary to obtain the approval of the Austrian Government for this use of counterpart. It is believed, however, that it is undesirable to enact special provisions for special groups of persons, and that it would be preferable to provide more generally that excess counterpart may be used for other purposes which are consistent with the foreign policy of the United States. The executive branch, therefore, recommends the adoption of the proviso at the end of section 142 (b) (iii), indicated by black brackets as follows:

"(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this act would themselves be available [*Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States*]."

Mr. MORSE. Mr. President, I wish to supplement the remarks I made a few moments ago so that the RECORD may be perfectly clear.

I think we need to bear in mind the procedure followed by the Foreign Relations Committee, which I think is common practice among other committees of the Senate, when it comes to consideration of amendments proposed by colleagues in the Senate.

When the Javits amendment came to the Foreign Relations Committee it was sent to the State Department for comment. That is done in the case of all amendments.

The State Department sent back its report. My recollection is that it had no serious objection to the objectives of

the Javits proposal, but it made its suggestion with regard to the use of general language. My recollection is that it was brought out, either in the memorandum or by a staff report, that the State Department thought the general language was preferable, for the reasons which I have heretofore stated.

Then the Senator from New York [Mr. JAVITS] was called before the committee, as I recall. He made a statement in explanation of his amendment. The suggestion was made that the proposal be modified in accordance with the suggestions of the State Department memorandum. I think I am correct when I report that the Senator from New York had no serious objection to the adoption of the language proposed, because he recognized that the objective of his proposal would be met thereby.

One further comment. It was brought out by the Senator from Indiana [Mr. CAPEHART] and 1 or 2 other Senators in this debate, but it ought to be pinpointed now, as we approach a vote, that we reserved the right to exercise what we might describe as a veto power.

The purposes for which counterpart funds can be spent, under the original agreement, are exceedingly broad. We usually think of them in relation to paying for military expenses, defense support expenses, and the like, but they are not limited to those purposes. They cover highways, buildings, and a great many facilities in the country of origin.

What the Austrians are saying is, "We have these old people. They are not going to live much longer. We think we have some money coming. Our fiscal position this year enables us to pay them 25 percent this year out of our own budget; but if you will authorize us to use our own schillings in the counterpart fund, so that we can pay them 100 percent this year, we will repay that loan into the counterpart fund in 4 years."

This amounts, in fact, to our authorizing the Austrians to borrow their own money for a period of 4 years, so that they can pay the entire amount this year. This money is coming back into the fund. We are not giving away the money. This is Austrian money, in the first place. Under those circumstances, I think we ought to say, under our veto power, "Very well; we will approve your proposal, with the understanding that you will pay the money back, and that you are going to use it for this specific purpose. We think the objective is a laudable one, and we will not exercise our veto power in this instance."

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MORSE. I am ready to yield the floor, but I yield to the Senator from Alabama.

Mr. SPARKMAN. Is it not true that all the facts which the Senator has pointed out are set forth in the committee report?

Mr. MORSE. The Senator is correct.

Mr. SPARKMAN. In a very understandable manner.

Mr. MORSE. We tried to make that clear on page 11. My colleagues on the Foreign Relations Committee, for whom I have the most affectionate regard, did

not try to deceive the Senate. Perhaps we did not use the King's English as clearly as we should have, but there is nothing in the language that indicates deceit. What we tried to do was to carry out the recommendation of the State Department. In this particular case we thought it made good sense. The Senator from New York made no serious objection to it, so far as I know. That is the story.

Mr. JAVITS. Mr. President, I should like to introduce some material and have it made a part of the RECORD.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the original amendment which was printed as I had proposed it to the committee, and which had application and specifically said it related only to the \$100 million in Austrian schillings deposited in the special account.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

On page 2, between lines 3 and 4, it is proposed to insert the following:

"Sec. 4. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, is amended by inserting at the end of section 141 (b) a new sentence as follows: 'In addition to the purposes referred to in clause (iii), an amount equal to 100,000,000 Austrian schillings deposited in the Special Account established by the Government of Austria shall be available, pursuant to agreement between such Government and the Government of the United States, for loans to the Austrian Hilsland for its use in making payments to former Austrian nationals who were persecuted and are now residing outside Austria.'"

Renumber sections 4 to 9, inclusive, as 5 to 10, respectively.

Mr. CAPEHART. Mr. President, I think we had better take another look at the Bush amendment, because as it is worded now, I believe the \$4 million will apply to every country which has counterpart funds.

Mr. ELLENDER. That is what I pointed out.

Mr. ANDERSON. Yes; it does apply. It opens the gates.

Mr. CAPEHART. Therefore I believe we would be much better off to leave the amendment as it was reported by the committee, because otherwise it will apply to every country.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that section 5 of the bill, found at page 35, be printed in the RECORD at this point. I call particular attention to the fact that at no point in the bill or in this section is there any reference to the repayment of these funds.

There being no objection, the section of the bill was ordered to be printed in the RECORD, as follows:

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which contains general provisions relating to mutual defense assistance, is amended by inserting before the period at the end of section 142 (b) (iii), relating to the special foreign currency account, a colon and the following: "Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut, as a perfecting amendment. [Putting the question.] The "noes" appear to have it.

Several Senators requested a division. On a division, the amendment was rejected.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. CASE of South Dakota. Mr. President, I offer an amendment, on page 35, line 12 of the bill, to strike out the period and insert a semicolon, and add the following words:

Provided further, That any such proposed utilization of such excess amounts shall be reported to the Committee on Appropriations and the Committee on Foreign Relations of the Senate, and to the Committee on Appropriations and the Committee on Foreign Affairs of the House of Representatives, and that such utilization shall not be effective until 60 days after such reporting.

That is intended to carry out the suggestion of the Senator from Minnesota, to give the committees an opportunity to know what is being done.

Mr. GREEN. I shall be glad to accept the amendment.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. CASE].

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I call up my amendment 6-4-58-G.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 52, beginning with "\$26,000,000" in line 6, it is proposed to strike out down through line 12 and insert in lieu thereof "\$18,000,000."

Mr. JOHNSON of Texas. Mr. President, may we have the yeas and nays ordered on the final passage of the bill, so that Senators may be informed?

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the purpose of the amendment is to leave the amount which can be used out of the allegedly vital amounts provided for aid to Korea for so-called essential living quarters and office space and supporting facilities at the present figure of \$18 million. The bill would increase this figure to \$26 million.

I have in the past opposed the use of any of these funds to build houses, to build office space, and the like, for our officials, or the administrators of these funds in the various countries where we operate aid programs.

This Korean housing scheme started out at a level of \$12 million 2 years ago. Last year it was increased to \$18 million. Now our planners want \$26 million.

It will be recalled that we had a great deal of difficulty in Taiwan because many of our workers live in comparative luxury, in much better homes than the native officials. Yet now it is proposed that we use aid money to build offices and homes for those who administer this program throughout the world.

My amendment also strikes from the bill the sum of \$2,750,000 to build office space and homes in Libya, Nigeria, Sudan, Yemen, Taiwan, Laos, and Indonesia as well.

We are going too far. Such proposals as this tend to make the program permanent. Here we are establishing offices for the people who administer the program. All of us hope that the program will be ended in the next 2 or 3 years. However, the taxpayers' money is to be used to build offices and to build swanky homes, I presume, far beyond the kind of houses that are built in the countries where our people work. It strikes me that as long as our employees abroad get extra allowances for hardship they ought to be willing to live in those countries as the other people there live.

As I said, we started out with \$12 million for Korea in 1956. It was increased to \$18 million last year, and now we are being asked to make it \$26 million. Not only that, but we are adding money to build houses and offices in other countries also.

This, again, is a foot in the door. We will be called upon to spend taxpayers' cash to build offices and homes in the hope that the program can be made permanent.

I hope that my amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. GREEN. Mr. President, this amendment would strike out authority to use an additional \$8 million of Korean program funds and \$2,750,000 in other program funds for the construction or acquisition of essential living quarters, office space, and supporting facilities in the countries in question.

Existing law authorizes use of up to \$18 million in Korean program funds for this purpose in Korea. The committee bill raises this limit to \$26 million. The amendment would strike out the increase.

The committee bill, in fact, is designed to do nothing more than to complete a 3-year program which was clearly planned 2 years ago when this authority was first granted. In the meantime, there has been no change in the situation in Korea to warrant a change in the program, and it ought to be completed.

The committee bill also authorizes the use of \$2,750,000 of program funds in other countries for the same kind of facilities. The countries in question are Libya, Nigeria, Sudan, Yemen, Taiwan, Laos, and Indonesia. In many of these countries, programs are just getting underway. In all of them, there is a great shortage of housing, office space, and other facilities such as warehouses. The amendment would also strike out this authority.

The programs planned are not elaborate and are badly needed. The authority in the committee bill does not result in any increase in total costs. The amendment should be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER]. (Putting the question.)

The Chair is in doubt.

Mr. ELLENDER. I ask for a division.

The PRESIDING OFFICER. A division is requested.

On a division, the amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendments designated "6-5-58-C," "6-5-58-E," "6-5-58-F," and "6-5-58-G." I ask unanimous consent that the amendments not be read, but that they be printed and considered en bloc, because they deal with the same subject.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc; and, without objection, they will be printed in the RECORD.

The amendments of Mr. ELLENDER, considered en bloc, are as follows:

On page 64, line 2, strike out the period and insert the following: "except that none of the funds authorized to be so transferred may be used in or for assistance to any nation of western Europe."

On page 44, line 14, before the period insert the following: "and the following: 'None of the funds authorized by this subsection shall be used in or for assistance to any nation of western Europe.'"

On page 45, at the end of line 2, strike out the period and insert "; and".

On page 45, between lines 2 and 3 insert the following:

"(iii) At the end of the subsection add the following new sentence: 'None of the funds authorized by this subsection shall be used in or for assistance to any nation of western Europe.'"

On page 48, between lines 20 and 21, insert the following:

"(a) Section 501, which relates to transferability of funds, is amended by inserting before the period at the end thereof a comma and the following: 'and except that no such funds shall be transferred for use in or for assistance to any nation of western Europe.'"

Redesignate subsections (a) to (d), inclusive, as (b) to (e), respectively.

Mr. ELLENDER. Mr. President, these four amendments deal solely with the amounts which the President has the right to transfer under section 501, and under the bill's authority for the special fund and the contingency fund.

The purpose of the amendments is to specify that, notwithstanding the right of the President to transfer funds from one phase of the program to another, none of those transferable funds can be used in Western Europe.

As I pointed out earlier today, the United States has spent billions of dollars in Western Europe in order to put the European countries on their feet. Today the economy of Western Europe is better than it has ever been in the past. The industrial production of Western Europe has been increased to 168 percent of prewar levels.

The purpose of these amendments is to make Western Europe stand on its own feet; to prevent the President from using any of the special funds for Western Europe.

The bill already provides large amounts of funds for Western Europe.

I have tried to strike out those funds, but I have failed. Now I want to say to the President, "You have the right to make these transfers, but do not give any part of the money to any country in Western Europe."

Mr. President, I ask unanimous consent that the four amendments may be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request that the four amendments be considered en bloc? The Chair hears none, and it is so ordered.

The question now is on agreeing en bloc to the amendments offered by the Senator from Louisiana [Mr. ELLENDER].

The amendments were rejected.

Mr. MORSE. Mr. President, I call up my amendment designated "5-27-58-F" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 57, it is proposed to strike out lines 12 through 25, and on page 58, strike out lines 1 through 9, all relating to the creation of a new position of Under Secretary of State for Economic Affairs.

Mr. MORSE. Mr. President, I have called up the amendment because I considered myself obligated to do so in view of the fact that in the course of the discussion in the Committee on Foreign Relations I said I would press for action on my amendment on the floor of the Senate, after the amendment was rejected by the committee.

When the matter was first presented in the Committee on Foreign Relations, there was considerable support for the position I took in the committee, and I felt that if the facts were as I sincerely believed them to be at that time, I should press for my amendment on the floor of the Senate. I shall make a brief statement about the amendment, and then I propose to withdraw it.

When this question first arose in the Committee on Foreign Relations, it was reported to us that the proposal for a second Under Secretary of State position was, in part, for the purpose of keeping a very able man, now Deputy Secretary of State, Mr. Dillon, one of our finest public servants, in a position of responsibility; and there seemed to be reason to believe that that could be accomplished with greater certainty if he were promoted to a position of Under Secretary of State.

I did not want to lose Mr. Dillon's public service, but I took the position in the committee that neither would I favor the creation of any special position in order to keep a man in public service if I felt the position itself created administrative difficulty. At that time I believed and understood that we would have two Under Secretaries of State on a par, in equal positions, and with equal rank. I pointed out in committee that I feared that would lead to jurisdictional problems, it would lead to inefficiency, and it would lead to a lack of a direct line of command in the Department of State.

I pointed out that it had always been my understanding that the Under Secretary of State served in behalf of the Secretary of State whenever the Secretary was out of the country or for some rea-

son was incapacitated temporarily; and I thought it would be very undesirable to create dual positions of Under Secretary of State.

My views were made known to the Department of State; and the committee has received a memorandum from the Department which convinces me that the recommendation of the Department should be sustained, and that my amendment should be withdrawn. I think the RECORD should contain the explanation of the Department of State in respect to the proposal to create a second or new position of Under Secretary of State for Economic Affairs. The Department says in its memorandum:

The creation of the position of Under Secretary of State for Economic Affairs will have no effect whatsoever on the role of the Under Secretary of State. The Under Secretary will continue, as heretofore, to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of \$22,000 per annum, while the salary of the Under Secretary of State is fixed at \$22,500.

This shows that the present Under Secretary of State will continue to hold the top position under the Secretary of State. The Department of State memorandum continues:

This differentiation in salary clearly indicates the subordinate position of the Under Secretary for Economic Affairs.

On the positive side, the creation of the office of Under Secretary of State for Economic Affairs at a level senior to that of the Director of the International Cooperation Administration will facilitate the administration of the mutual security program within the Department of State as an integral part of the foreign policy of the United States. It will also serve to facilitate the operations of the Department of State in the entire field of foreign economic policy, both in its day-to-day relations with other governments and with other agencies of the United States Government. The Departments of Treasury and Commerce, both of which are active in foreign economic matters, each have two officials serving at the Under Secretary level. It will improve coordination of foreign economic policy within the United States Government. If the officer in the Department of State directly concerned with these matters holds the rank of Under Secretary. Finally the creation of the position of Under Secretary of State for Economic Affairs will serve as an indication both to foreign governments, and to domestic interests of the growing importance which the United States Government attaches to problems of foreign economic policy.

That is the entire explanation of the Department of State.

Mr. FULBRIGHT. Mr. President—

Mr. MORSE. Mr. President, I wish to say in conclusion, before I yield, that my original understanding of this new position of Under Secretary of State for Economic Affairs—namely, that it would be on an equality level with the present position of Under Secretary of State—proves not to be the case. I accept the explanation on that point given by the State Department; the State Department's memorandum now convinces me that my original objection had no basis in fact.

Therefore, I am very glad to withdraw my amendment, and to accede to the position taken by the State Department.

I yield now to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I should like to commend the Senator from Oregon, first, for having raised this question, because it has led to a clarification of just what this position means. I myself was not at all clear, during the committee discussion and consideration, as to what would result from this particular amendment or provision. But I believe it is proper, and I think the Senator from Oregon was quite right in raising the question.

I also commend him for withdrawing the amendment, because I believe the memorandum he has read does clarify the matter. So I think he has made an entirely proper move.

Of course, there is a precedent for this proposal. As the Senator from Oregon will recall, Will Clayton served quite satisfactorily in this way, without the development of any clash between himself and the Under Secretary of State.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Oregon yield to the Senator from Montana?

Mr. MORSE. I yield.

Mr. MANSFIELD. I, too, wish to commend the Senator from Oregon. He raised the question in the committee; and now, because of his active interest in the matter, it has been clarified.

I am glad the memorandum has been read into the RECORD; and I am very happy that the person who has been designated for this new position is Mr. Douglas Dillon, who has done such an excellent job, following his return from service as our Ambassador to France.

I commend the Senator from Oregon for his usual thoroughness and helpfulness.

Mr. MORSE. I thank the Senator very much.

Mr. AIKEN. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. AIKEN. Mr. President, although I have no desire to have this provision of the bill thrown out at this stage, I, too, like the Senator from Oregon, was somewhat apprehensive in regard to creating, in the Department of State, a high officer to deal with economics and trade. It seemed to me that we were relying too much on the Department of State to run the economy of the country, and that it would be better for us to strengthen the Department of Commerce, instead of establishing in the State Department an agency which conceivably could become more important in the economic field than the Department of Commerce itself.

I agreed that Mr. Dillon is undoubtedly a good man, and that we have little to worry about in this instance; and I agree that the State Department cannot ignore commerce, but must necessarily play an important part.

But I want the record to show that I am somewhat apprehensive over this provision, and I am not quite sure that we are doing the right thing by accepting it. In fact, in the committee I voted—with the Senator from Oregon

and with 1 or 2 other members of the committee—not to accept it.

Mr. MORSE. Mr. President, I want the Senator from Vermont to know that I shared his apprehension; but I believe the explanation which has been made by the State Department entitles it to the benefit of the doubt.

Therefore, I now request unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER. The Chair will advise the Senator from Oregon that unanimous consent is not required if he wishes to withdraw his amendment.

Mr. MORSE. Then, Mr. President, I advise the Senate that I have now withdrawn my amendment.

Mr. FULBRIGHT. Mr. President, last night, during debate on the Knowland amendment, it was so late when the vote was taken that I did not have an opportunity to make a brief statement pertaining to that amendment. At this time I should like to take a few minutes to do so.

According to the press, the Soviet Union has recently unilaterally postponed for 5 years 2 credits to Yugoslavia, in the amount of the equivalent of \$285 million. It is very interesting, in view of the propaganda of the Soviet Union that American credits have strings, and that theirs are without strings, that this extreme form of coercion should be used by the Soviets upon their fellow Communists in Yugoslavia.

This action by the Soviets demonstrates more plainly and forcefully than anything that I can say the determined and ruthless policy of domination which the Russians exercise over their satellites, and even over countries which are not considered satellites, but only friends. The Russians may not attach what are euphemistically called strings. They simply demand complete subservience to their policy; and if the borrower refuses to knuckle under, they simply cancel or postpone the entire credit. That is far more than a string; it is a club.

It is true that, in a sense, good business demands that certain conditions should be imposed upon countries borrowing money for specific developmental purposes. In private practices, the lender is entitled to require that the procedures to be followed by the borrower should be reasonably designed to accomplish the agreed purpose of the loan. That is all that our program has ever required; and I think it is entirely justifiable, and should be required in the future. This does not at all entail the subservience of the borrower to the will of the lender, so far as major governmental policies are concerned.

For the information of the Senate and of the country, I wish to give some further details about the status of credits purportedly extended by the Soviet bloc to Yugoslavia. I think this information is pertinent to the consideration of our policy, not only toward Yugoslavia, but toward other nations of the Soviet bloc, particularly those affected by the amendment proposed by the Senator from Massachusetts [Mr. KENNEDY]. I refer to

the amendment which was defeated, last night, by a majority of one vote, as I recall.

First. According to the newspapers, the Soviet Union has unilaterally postponed, for 5 years, 2 investment credits to Yugoslavia:

(a) One hundred and seventy-five million dollars equivalent, 2 percent 1956-84, in conjunction with East Germany, for the construction of an aluminum complex in Montenegro. This was to have been repaid in aluminum deliveries from the output of the project, beginning of 1962. None of this credit is believed to have been disbursed as yet.

(b) One hundred and ten million dollars equivalent, 2 percent 1956-75, allocated for the construction of 2 fertilizer plants, 3 mines, and 1 power station. About \$7 million of this is believed to have been disbursed, largely for planning.

Second. Since the aluminum project was being developed as a kind of Soviet economic enclave in Montenegro, postponement of it should hurt the rest of the Yugoslav economy very little. But it will present a major problem, in that it was the major project in Montenegro, and the Government will have difficulty in finding something else to do there. The Government also is supposed to have begun work on a new port at Bar, Montenegro; and the aluminum project was probably the main justification for it.

Third. The postponement of the \$110 million credit will hurt the rest of the economy more. Some of the projects have been started, but not all. So far as we know, the projects were of sufficiently high priority that if the Government cannot get other financing for them, it will have to review its whole plan, to decide what can be cut. The investment in these projects is only 2 to 3 percent of the total investment, but the credit amounts to one-fifth of the total foreign exchange financing that the Yugoslavs need for their current 5-year plan.

Fourth. We do not know whether the other Soviet and Soviet satellite credits and the remaining Hungarian reparations payments will also be postponed. These total \$181 million equivalent, and are as follows:

Amount undisbursed as of December 31, 1957
[In millions of dollars]

Soviet raw materials credit, 2 percent, 1956-68.....	31
Czech investment credit, 2 percent, 1956-70.....	45
Czech commodity credit, 2 percent, 1956-68.....	25
Polish investment credit, 2 percent, 1956-64.....	20
Hungarian reparations.....	60
Total	181

If these also are postponed, and if no other credits are received to make up for them, then Yugoslavia will have to make a major revision of her economic plans. With the loss of all of the Soviet bloc credits, she will have lost over half of the foreign-exchange credits she needs to carry out her 5-year plan.

Fifth. We also do not know whether trade with the Soviet bloc is going to be affected. One-fourth of Yugoslav trade is with the Soviet bloc. While it would

be quite possible for Yugoslavia to shift her trade away from the bloc, that would take time. With the small Yugoslav foreign-exchange reserves, any interruption in trade is a serious matter.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a further compilation of credits from other countries in the Soviet bloc, except Russia, to Yugoslavia.

There being no objection, the compilation was ordered to be printed in the RECORD, as follows:

SOVIET BLOC CREDITS TO YUGOSLAVIA COMPLETELY DISBURSED

Gold loan from U. S. S. R., 2 percent interest payable annually, principal to be repaid in 1966, \$16 million in United States dollars, and \$14 million in sterling: \$30 million.

POSTPONED

Aluminum credit, half from U. S. S. R. and half from East Germany, 2 percent, to cover both foreign exchange and local currency expenditures in constructing an aluminum combine: smelter, powerplant, bauxite mine, soda plant, etc. The local currency costs were to be met by the provision of \$100 million of wheat deliveries. Repayments originally were to have begun in 1962 through delivery of aluminum and to have lasted to 1984. Apparently no interest was to have been paid prior to this: \$175 million.

Investment credit from U. S. S. R., 2 percent, to be allocated to projects in Yugoslavia. Interest payments beginning 1959, varying principal payments, last payment 1975. Payable through clearing arrangements: \$110 million.

STILL IN FORCE

Commodity credit from U. S. S. R., 2 percent, to finance wheat, crude oil and other commodity purchases. Interest and principal payments beginning 1959, last payment 1968. Payable through clearing arrangements. As of December 31, 1957, \$23 million had been disbursed: \$54 million.

Investment credit from Czechoslovakia, 2 percent, to finance purchase of equipment. Interest and principal payments beginning 1961, final payment 1970. Payable through clearing arrangements. As of December 31, 1957, \$5 million had been disbursed: \$50 million.

Commodity credit from Czechoslovakia. Same terms as Soviet commodity credit. No disbursement by end of 1957: \$25 million.

Investment credit from Poland, 2 percent, to finance purchase of equipment. Repayments of interest and principal to begin 1959. Final payment, 1964. Payable through clearing arrangements. No disbursement by end of 1957: \$20 million.

Mr. FULBRIGHT. Mr. President, I place this in the RECORD because I think there is a great misunderstanding of the significance of the Kennedy amendment, and I know there is misunderstanding of the significance of the action taken by the Soviets in postponing these loans.

During the debate last night it was said that, of course, every year at about this time the Yugoslavs pursue a particular course of action which is designed to induce the United States to extend credit to Yugoslavia. That may or may not be so, although I do not believe it to be true. But, regardless of that, the fact that the Russians have in this instance postponed for 5 years the 2 loans totaling \$285 million, at 2 percent, completely negatives, in my opinion, in the minds of the people of the other countries of the world the proposition of the Russians that the United

States places strings on the loans it it makes, but that Russia does not.

Now it is clear that the Russians do not merely put strings on the loans they make; they cancel the entire loans.

So I think there is no greater assistance to a correct understanding by the rest of the world of the position we take than the assistance given in that connection by the action taken by Russia in the case of the two loans which Russia had agreed to make to Yugoslavia.

I think the significance of that matter has been overlooked by our press; I think our press does not realize its true significance. Certainly I believe the Senate should not overlook it. Senators should realize that such things as this, which has occurred in the case of Yugoslavia, have great significance in connection with this matter and this situation.

I do not think this action was taken by Yugoslavia in an attempt to influence either one way or another the action taken by this Congress.

Mr. MALONE. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I am very glad to yield.

Mr. MALONE. Does the Senator from Arkansas have reference to the press reports which came a few days ago in regard to the plan of Yugoslavia to sue Russia because Russia broke the promise she had made?

Mr. FULBRIGHT. That is a part of it. The major part in particular refers to the fact that the Russians, because they are having an ideological difference with the Yugoslavs, have postponed for 5 years, which in effect is a withdrawal—the \$285 million credit which they had, with great acclaim, extended.

Mr. MALONE. Where would Yugoslavia file the suit against Russia for not extending the loan it had previously promised to extend? In the World Court?

Mr. FULBRIGHT. Yugoslavia would have to submit a claim to Russia, as any nation submits such a claim for damages.

Mr. MALONE. I had understood Yugoslavia was going to sue Russia in some court.

Mr. FULBRIGHT. I do not know about that. The account I referred to was that Yugoslavia would present a claim for damages because Yugoslavia had expended some \$7½ million in planning for fertilizer plants. Now the credit to complete the plants is not forthcoming. The extending of the loan has been postponed. I think that would constitute a legitimate claim for damages, in ordinary circumstances, if the credit were withdrawn.

Mr. MALONE. If Yugoslavia were to sue Russia for canceling a promised loan and tried to secure damages in the World Court, does the Senator from Arkansas believe that might set a precedent which might apply to us?

Mr. FULBRIGHT. Is it the Senator's belief that Russia has subjected herself to the World Court? Is she a member of the World Court?

Mr. MALONE. If Russia were to be sued by Yugoslavia and the World

Court took jurisdiction and assessed damages—stranger things have happened—

Mr. FULBRIGHT. That would be very strange. Of course, I hope Yugoslavia will sue Russia, because that would advertise to the world just how Russia treats her satellites or friends.

That is the purpose of my making the statement. I would hope Yugoslavia would sue Russia, but I do not think Yugoslavia would be able to collect unless Russia wanted to pay. There is no binding agreement in this field, as the Senator knows.

Mr. MALONE. The point I want to make is that it might set a bad precedent for the United States, and there might be many nations suing us for implied promises made by the State Department.

Mr. FULBRIGHT. The Senator is going pretty far afield. I do not think this country does that sort of thing. When this country promises to extend credit, it carries out its promises. That is the big difference between us and Russia. I think that has very great significance to the rest of the world. We do business on the basis of carrying out promises, and Russia does not.

Mr. MALONE. I point out to the Senator that we promised to build the Aswan Dam on the Nile River, and then changed our minds.

Mr. FULBRIGHT. That agreement was never reduced to the point where credit was extended. Before it got to the point of agreement, we changed our minds. The discussion was in the preliminary stages. I do not want to take the time of the Senate to discuss it, but I should like to point out that what happened was that the Secretary of State made a proposal. Mr. Nasser did not accept the proposal. He made a counterproposal, in a sense. Negotiations took place. Before there was a complete meeting of the minds, the Secretary of State withdrew our offer. It never reached the point of agreement.

Mr. MALONE. The Senator from Arkansas believes, does he, that the matter could never have been subject to a suit, under those circumstances?

Mr. FULBRIGHT. No; I do not think so. Generally speaking, in this field, those circumstances would not warrant a suit. That does not mean the country could not make a legitimate claim that we had injured it. In this general field, there is no law in the sense that we have domestic law in the United States, under which an aggrieved party can go into a court and enforce a contract. These are diplomatic relations, which rely upon consent and agreement.

Mr. MALONE. In 1947, 1948, and 1949, the chief argument on the floor was that the State Department had committed this country, and that it would be a breach of faith if the Senate did not appropriate the money.

Mr. FULBRIGHT. I do not recall that argument. I do not think I made such an argument.

Mr. MALONE. The logical conclusion would be that such countries would have a case against us.

Mr. FULBRIGHT. I do not recall such an argument being made in the sense

that there was any legal obligation on our part.

I think we and the free world should take notice of what the Russians have done in connection with the loan to Yugoslavia. It is very significant as to what this country might have done in the future if the Kennedy amendment had not been defeated. I think that was a great mistake. We were defeated in a fair argument. I only hope the incident with regard to Yugoslavia is merely one example of what we may be able to develop in the course of time if this country uses its resources intelligently in this field.

I regret that this administration was deprived of an opportunity to engage in further activities in that direction.

Mr. MANSFIELD. Mr. President, I desire to join the distinguished Senator from Minnesota [Mr. HUMPHREY] and the distinguished Senator from Wisconsin [Mr. WILEY] and to particularly call attention to two sections in the bill dealing with health. One of these will carry forward the malaria eradication program. This section authorizes the use of any funds in the act, other than those for military assistance and the Development Loan Fund, for this purpose. The administration intends to use \$25.6 million in special assistance funds for this program, but it has authority to use more—or less—if necessary.

The other section invites the World Health Organization "to initiate studies looking toward the strengthening of research and related programs against diseases common to mankind or unique to individual regions of the globe." This particular provision is really nothing more than an exhortation, but it is one which I hope will be heeded, because health strikes me as an activity especially suited to the multilateral approach. One of the virtues of the malaria eradication program is that it is an international endeavor carried on in cooperation with WHO and the Pan American Sanitary Organization.

Disease transcends political boundaries and economic doctrines. There is no ideology in a germ. Certainly this should be a field in which human beings can work together simply as human beings.

Another factor pointing to the multilateral approach in health is the international flavor of much of the work that has already been done. This, I think, could be capitalized on as international health work if pushed forward on a more organized basis. Would it not be a splendid thing, Mr. President, if every vial of penicillin used in these multilateral health programs abroad bore the label, "Discovered in the United Kingdom and manufactured in the United States"? Or if every X-ray machine bore the label, "Invented in Germany and manufactured in the United States"? Or if every carton of milk supplied by the U. N. Children's Fund was labeled, "Purified according to a process developed in France, with machinery manufactured in the United States"?

This would indeed be symbolic of international cooperation and would, I

think, have advantageous psychological results among the people being aided. I hope, therefore, Mr. President, that in these and other health programs, the administration will consider and take into account by appropriate regulation or other procedures the psychological value of emphasizing the origin of effective medicines.

Mr. THURMOND. Mr. President, I am in sympathy with the principle embodied in the amendment dealing with offshore procurement which the Committee on Foreign Relations has offered as one of its proposals for improving the mutual security bill.

This principle is that commodities purchased for the foreign aid program should be purchased, whenever practicable, in the United States. This is a laudable principle. By aiding American industry and agriculture, the purchases contribute to the American economy and reduce the heavy burden of expense borne by the American taxpayer in supporting the mutual security program. The alternative is to subsidize industries overseas which will compete with American industry.

In applying this buy American principle, the committee has been quite lenient. It would authorize the President to permit up to 50 percent of the nonmilitary assistance funds (other than the Development Loan Fund) to be used for offshore procurement. I am inclined to believe that this ceiling on foreign purchases is set too high. However, in view of the fact that the mutual security program is primarily a security program, and not a program to regulate or restrict trade, I am willing to accept the judgment of the committee as to the percentage of procurement that can reasonably be conducted overseas without undue damage to American industry.

Mr. President, I ask unanimous consent that there be printed in the RECORD, at this point in my remarks, a table prepared by the Office of Statistics and Reports of the International Cooperation Administration, showing the percentage of commodity expenditures which have been made, under its programs in the United States.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ICA commodity expenditures, total and principal commodities

[In millions of dollars]

	Total ICA commodity expenditures				Percent of total procured in United States			
	1949-55	1956	1957	1958 ¹	1949-55	1956	1957	1958 ¹
Total, all commodities.....	\$14,479	\$1,040	\$1,236	\$1,033	69.9	67.6	57.3	55.1
Total, principal commodities.....	10,261	779	927	806	74.4	68.9	56.4	55.6
Machinery and equipment.....	1,805	151	168	142	95.1	66.2	57.8	51.1
Iron and steel.....	549	71	81	103	76.0	36.2	28.3	37.5
Bread grains.....	2,084	109	113	94	76.4	100.0	100.0	100.0
Cotton.....	2,140	113	116	84	100.0	100.0	100.0	100.0
Fabricated basic textiles.....	179	46	96	70	51.4	24.4	7.5	13.6
Chemicals.....	384	54	73	63	90.4	51.2	42.3	41.2
Petroleum.....	1,635	38	89	59	25.8	65.1	44.3	60.7
Sugar.....	335	9	47	54	8.4	1.5	31.1	
Fertilizers.....	201	66	63	39	35.1	48.8	47.0	44.3
Air and rail transportation equipment.....	183	42	18	37	95.4	75.3	38.6	78.2
Motor vehicles.....	300	45	41	35	98.1	65.8	66.5	58.6
Coal.....	466	35	31	26	74.1	87.7	71.3	84.1
Total principal commodities excluding bread grains and cotton.....	6,037	557	698	628	64.7	56.4	42.1	43.0

¹ Annual rate, based on 1st 6 months.

Mr. THURMOND. Mr. President, it is apparent from the table that some American industries have been gaining a larger share of the ICA's procurement dollar, while others, which did a substantial business in the foreign-aid procurement program a few years ago, have been losing ground.

The most distressing example is that of the textile industry. In the years 1949-55, a little more than half of the ICA commodity expenditures for textiles went to American textile mills. This was very close to the 50-50 arrangement proposed by the Foreign Relations Committee as the ultimate in offshore procurement. However, the American percentage declined to 24.4 percent in 1956 and 7.5 percent in 1957. In 1957, the ICA spent \$96,000,000 for textile products, of which only \$7 million went to American suppliers.

The picture improved somewhat during the first 6 months of fiscal 1958, when the American share of textile sales for the foreign assistance program was

13.6 percent of the total. Still, this leaves almost seven-eighths of the business for foreign mills.

Foreign producers also supply the greater share of the iron and steel, chemicals and fertilizers purchased for the foreign-aid program.

Mr. President, these are industries which are vital to the security of the United States. In case of wartime mobilization, these are industries which must expand rapidly to supply the needs of the Armed Forces, and to supply urgent needs at home. Any security program which works to the detriment of these industries is a dangerous security program.

The amendment of the distinguished Senator from Maine [Mr. PAYNE], who is himself a member of the Foreign Relations Committee, permits a maximum of 50 percent of any class of commodity to be procured overseas when, in the judgment of the President, such procurement will not unduly damage the domestic industry.

As I have pointed out, the immediate beneficiaries of this amendment will be the textile industry, the iron and steel industry, the chemical industry and the fertilizer industry. Judging by the trend in procurement, it will soon be helpful to the machinery and equipment industry and to the motor vehicle industry. These industries now get slightly more than half of the procurement dollar for their classes of commodities, but have been losing ground.

In the long run, the beneficiaries will include every American.

Mr. HUMPHREY. Mr. President, I call up my amendment, identified as 6-3-58-F.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota will be stated.

The CHIEF CLERK. It is proposed, on page 63, after line 9, to insert:

(d) Add the following new section to the act:

"SEC. 550. It is the sense of the Congress that the President should explore with other nations the establishment of an International Food and Raw Materials Reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in appropriate countries raw or processed farm products and other raw materials, exclusive of minerals, with a view to their use in—

"(1) preventing extreme price fluctuations in the international market in these commodities;

"(2) preventing famine and starvation;

"(3) helping absorb temporary market surpluses of farm products and other raw materials (exclusive of minerals);

"(4) economic and social development programs formulated in cooperation with other appropriate international agencies.

"Participation by the United States in such an International Food and Raw Materials Reserve shall be contingent upon statutory authorization or treaty approval, as may be appropriate. The President shall include in each of the semiannual reports required by section 534 an account of action taken under this section."

Mr. HUMPHREY. Mr. President, the hour is very late. I shall take about 30 seconds.

This amendment was offered last year to the mutual-security bill then pending and was adopted by the Senate. It is a direction to the President of the United States in our negotiations as a member of the United Nations.

The purpose of this amendment has received considerable international support. I cite for the RECORD that the present Prime Minister of Canada, Mr. Diefenbaker, has recently supported an international food and fiber reserve.

I also note that the Japanese Government, the Italian Government, the Costa Rican Government, and other governments have indicated interest in the discussion of such a policy.

Finally, whatever may be decided, if anything should be accomplished in line with the purpose of the amendment it would have to be submitted to the Senate in accordance with the language, which says "statutory authorization or treaty approval, as may be appropriate."

Mr. HICKENLOOPER. Mr. President, the amendment was offered in the Senate Committee on Foreign Relations,

The amendment was rejected as impractical at this time.

The administration opposes the amendment for various reasons. I shall not take the time to state the reasons this evening, because of the lateness of the hour. The fact is the amendment has been considered and rejected by the committee, which leads me to urge that the amendment be rejected at this time.

The principle involved is being pursued now mainly on the basis of the individual nation's capability of such stockpile. This amendment would establish another international agency, and we know what that would mean.

Mr. President, I ask unanimous consent to have a statement printed in the RECORD at this point, in connection with this matter.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INTERNATIONAL FOOD AND RAW MATERIALS RESERVE

Senator HUMPHREY has proposed an amendment which would add a new section 550 to the act expressing the sense of the Congress that the President should explore with other nations the establishment of an international food and raw materials reserve.

EXECUTIVE BRANCH POSITION

The executive branch opposes the Senate amendment for these reasons:

1. The possibility of establishment of an international food reserve has already been explored with other nations. Such exploration has taken place in the Food and Agriculture Organization of the United Nations the Economic and Social Council of the United Nations, and the General Assembly of the United Nations. At the 11th session of the General Assembly in November 1956, the United States pointed out that there were slight prospects of action on world reserves, but much better prospects for national food reserves, in the creation of which the United States was willing to assist. The General Assembly then adopted Resolution 1025, based largely on a United States draft, which requested the Secretary General, in preparation of a report requested by an ECOSOC resolution, to include an analysis of the desirability and possibility of promoting national reserves which might meet emergency situations, prevent excessive price increases resulting from failure of local food supplies, and prevent excessive price increases resulting from increased demand due to economic development programs. The FAO secretariat is currently preparing, by agreement with the staff of the U. N., the report for presentation to this coming summer session of the ECOSOC.

2. The substance of the United States position, which is understood by other members of the United Nations and of the Food and Agriculture Organization, is as follows:

- (a) The creation of international food reserves at the present time is not feasible. It would create many problems with regard to location, establishment of storage facilities, administration, and financing.

- (b) The creation of national food reserves to serve any of a number of different purposes appears to be both desirable and feasible.

- (c) The United States Government is consulting with governments of both importing and exporting countries through FAO's Consultative Subcommittee on Surplus Disposal and its Working Party on National Reserves with a view to facilitating realization of programs of this kind. However, no concrete proposals have been developed yet.

- (d) The United States is prepared to make available within the limits of existing legis-

lation and authorization (Public Law 480) surplus agricultural commodities for the establishment of reserve stocks to meet extraordinary needs due to crop failure or other emergencies, to mitigate excessive local fluctuations of prices, or to meet unforeseen increases in demand.

- (e) Such assistance in the establishment of reserve stocks is contingent upon adequate steps being taken to assure that commercial imports will not be reduced, that adequate storage facilities are available, and that a number of other reasonable conditions are met.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY]. [Putting the question.]

Mr. DOUGLAS. Mr. President, I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. PAYNE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I have prepared with respect to the extension of the mutual-security program.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE ON EXTENSION OF MUTUAL SECURITY PROGRAM

Once again the Senate of the United States has before it a bill to extend the Mutual Security Act and to authorize the necessary appropriations. Few measures which come before the Congress of the United States each year are of greater significance to the destiny of our own Nation and all the peoples of the free world. Few bills call for more responsible action on the part of those of us who have been honored by our electorate to sit here as their representatives in this great Chamber. The Mutual Security Act is indeed a cornerstone upon which the structure of free world cooperation and defense is based. More than that, it is a practical and applied symbol of those most noble qualities and characteristics of the American people—social responsibility, generosity, cooperative endeavor, and unqualified devotion to peace and the elevation of human dignity and well-being.

The vital significance of the foreign aid program has been duly recognized by all Americans. The Nation as a whole has contributed billions of dollars and thousands of its administrative specialists and technicians to make the program succeed and enjoy constructive results. The Congress has year after year undertaken bipartisan efforts to achieve sound legislation affecting foreign aid and guiding the program according to the best interests of the Nation. And the administration has actively supported foreign aid and given it the leadership which it deserves. Following the chaos of World War II the program was born from the realistic recognition of all Americans that it was their responsibility and moral obligation to assist the suffering peoples of war-torn nations. It is my personal conviction that this act of

unselfish and genuine good will shall forever be recorded in the annals of history as a glowing tribute to the American people and as irrefutable evidence of our sincere devotion to the cause of peace and human well-being.

Today the foreign aid program has been diverted from its original task of helping a sick and war-weary world regain its strength. It is now lending its resources to the elevation of peoples throughout the world who for centuries have lived under conditions of poverty, disease, and malnutrition. It is also contributing to the defense of these nations, many of which have only recently joined the World Community as independent and sovereign states. In so doing, the foreign aid program is rendering a service of inestimable value to underdeveloped and new-born nations throughout the world. But we must not for a moment forget that it is also contributing untold benefits to our own interests. There is no doubt in my own mind that all Americans want to help the less fortunate peoples of the world. We are a prosperous Nation. We enjoy the highest standard of living ever achieved by a society. We are also naturally motivated by an unselfish response to assist those in need. For this reason, we genuinely desire to share our prosperity with those who are now making every effort to emerge from want, illiteracy, and disease, and who desire to take their rightful places among the more developed nations of the world. On the other hand, no nation can be expected to give of itself tirelessly without reward. To expect this of a nation is not only unrealistic but also unwise. Any program such as foreign aid must, therefore, be in tune with the principles of enlightened self-interest. For this reason, we must never underestimate the contributions the program makes to the United States itself as well as to our many foreign friends.

In a world divided into two conflicting ideological camps, each finding it necessary for its own self-preservation that its way of life be understood and acknowledged by all, it is imperative that the United States demonstrate its traditional motivations toward peace and human welfare. It is vital that we make known to all our heritage of social responsibility and cooperative endeavor. Even in an era of international harmony we would seek to aid the unfortunate peoples of the world. In a period of cold war, however, when our very basic political, social, and economic institutions are challenged, such assistance becomes ever more necessary as a means of establishing stability in nations which might otherwise succumb to the false promises of communism, and as a means of making clear and evident our peaceful intentions and the advantages of our way of life. This the foreign-aid program provides.

In addition it contributes to the cooperative defense efforts of the free world. It permits less prosperous nations to have the arms necessary for their own protection against the constant menaces of the Kremlin. These nations provide the men and the bases. We help them clothe and equip their armies and we supply their bases. Without these men and bases the world over, our future would indeed be jeopardized. They are an indispensable part of our own defense and, in turn, the defense of the entire free world.

Thus the foreign-aid program, in addition to the valuable assistance it renders to the underdeveloped nations of the world, also contributes immeasurably to our own ideological and military defense. For this reason I speak today in its support and hope that it will be allowed to continue its valuable services.

Before concluding, however, I wish to make a few brief remarks concerning an amendment to the Mutual Security Act which I introduced and which has been adopted with modifications by the distinguished members

of the Committee on Foreign Relations. This amendment would modify the procurement policies of the foreign-aid program by requiring that at least 50 percent of each commodity purchased under chapter 3 of title I, and also under title III and title IV of the Mutual Security Act be bought here in the United States and that the other 50 percent of each commodity also be purchased domestically if the President determines that such procurement will be of advantage to the United States economy with special reference to areas of labor surplus. I wish to emphasize, Mr. President, that it is the intention of the author of this amendment that 50 or more percent of each commodity be purchased in the United States. Recent interpretations of this amendment by officials of the Department of State have suggested that the executive branch construes it to mean that 50 percent of the total of procurement funds be spent here at home. This is not at all what was intended by the author of the amendment, nor is it consistent with the language of the amendment. For this reason I wish to again repeat that the amendment as introduced is intended to require that at least 50 percent of each commodity purchased under the designated titles of the Mutual Security Act be bought domestically and that even more than 50 percent of a commodity be purchased in the United States unless the President can show that off-shore purchases would not adversely effect the economy of the United States with special reference to areas of labor surplus or upon the industrial mobilization base. So far the Department of State interpretations have not been correct and I emphasize the intention of my amendment in order that the Department not be permitted to write legislative history on this amendment by executive fiat.

It is my sincere conviction that this amendment is vitally needed in order to make the application of the Mutual Security Act more reasonable and in line with our national self interest. I first became aware of the unwise procurement policies of the International Cooperation Agency, which presently administers the foreign aid program, and of its predecessor agencies in a recent study I made of the textile industry. I learned, for example, that since 1949 American tax dollars have purchased over \$356 million worth of textiles under the foreign aid program. Of that amount \$240,820,000 worth were purchased overseas and \$115,190,000 worth were bought here at home. Yet, as we all know, the domestic textile industry is in a very serious plight and has been since the war. Mills have been closing by the score and there are now several hundred thousand fewer textile jobs than there were in 1947. Yet, ICA has been buying the lions share of its textiles overseas. In fiscal 1957 alone, of the \$96,322,000 worth of textiles purchased with foreign aid funds \$89,111,000 worth were bought overseas and only \$7,211,000 worth were purchased here at home. Had this purchasing policy been reversed, I am certain that several textile mills which closed during the year might still be open and that the jobs of several thousand textile workers might have been saved.

And this unwise procurement policy has affected other industries suffering from unemployment. In textile machinery, for example, ICA in fiscal 1957 purchased \$5,433,000 worth. Of that total \$4,264,000 worth were bought overseas and only \$1,169,000 worth came from American industry. Yet in Biddeford-Saco, Maine, the Saco-Lowell Shops, probably the world's largest producer of textile machinery, were working at 50 percent capacity with additional layoffs forecast. I understand that in the procurement of motor vehicles, footwear, and many other commodities the policy has been the same, with foreign competitors obtaining the lions share of American foreign aid contracts.

This, in my estimation, is a detrimental policy especially at a time of economic slump here at home. It represents the use of American tax dollars to help put Americans out of work.

The supporters of this policy tell us that they are saving American tax dollars by buying commodities overseas where they are cheaper and where the dollar, therefore, can be stretched. I am quite certain that were this situation thoroughly analyzed, we would find that the unemployment and industrial inactivity resulting from the loss of these foreign aid contracts are much more costly to the American people than would be the case if our tax dollars were spent here at home where admittedly they could not buy quite as much as they can in countries with low standards of living and where labor enjoys none of the benefits provided to American workers. Unemployment and industrial inactivity mean great losses in personal and corporate income taxes. Furthermore, the money paid in unemployment compensation also represents a considerable drain on tax dollars. The loss of jobs here at home resulting from the loss of millions of dollars worth of foreign aid contracts is certainly not a saving to the American taxpayer whose dollars, as I say, are helping to put him out of work.

For these reasons I did introduce this amendment which modifies our present foreign aid procurement policies and prohibits this unwise purchase of foreign commodities when our own industries are suffering from unemployment. The amendment was adopted by the Committee on Foreign Relations and is included in the bill we are now considering. A more reasonable procurement policy will not only be beneficial to the American taxpayer, the American worker, and numerous American industries, but it should also strengthen the foreign aid program itself by blunting the edge of criticism aimed against it and by cementing public opinion in support of it.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McClellan
Allott	Goldwater	McNamara
Anderson	Gore	Monroney
Beall	Green	Morse
Bennett	Hayden	Morton
Bible	Hennings	Mundt
Bridges	Hickenlooper	Neuberger
Bush	Hill	Payne
Capehart	Humphrey	Proxmire
Carlson	Jackson	Purtell
Carroll	Javits	Russell
Case, N. J.	Jenner	Smathers
Case, S. Dak.	Johnson, Tex.	Smith, Maine
Chavez	Jordan	Smith, N. J.
Church	Kefauver	Sparkman
Clark	Kennedy	Stennis
Cooper	Knowland	Symington
Curtis	Kuchel	Talmadge
Dirksen	Langer	Thurmond
Douglas	Lausche	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Wiley
Ellender	Mansfield	Williams
Ervin	Martin, Iowa	Young

Mr. MANSFIELD. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. PASTORE], and the Senator

from Texas [Mr. YARBOROUGH], are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Michigan [Mr. POTTER], are detained on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from West Virginia [Mr. HOBLITZELL], and the Senator from Nebraska [Mr. HRUSKA] are also absent on official business.

The PRESIDING OFFICER. A quorum is present.

The question is, Shall the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. EASTLAND (when his name was called). On this vote I have a pair with the junior Senator from Rhode Island [Mr. PASTORE]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

Mr. MAGNUSON (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. KERR]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. HOLLAND]. I understand that if he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from South Carolina [Mr. JOHNSTON],

and the Senator from Wyoming [Mr. O'MAHONEY], would each vote "nay."

On this vote, the Senator from Delaware [Mr. FREAR] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Delaware would vote "nay" and the Senator from Montana would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL], are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Michigan [Mr. POTTER], are detained on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from West Virginia [Mr. HOBLITZELL], and the Senator from Nebraska [Mr. HRUSKA] are also absent on official business.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from West Virginia [Mr. HOBLITZELL], the Senator from New York [Mr. IVES], and the Senator from Massachusetts [Mr. SALTONSTALL], would each vote "yea."

The Senator from Wyoming [Mr. BARRETT], is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from New Hampshire would vote "yea."

The Senator from Michigan [Mr. POTTER], is paired with the Senator from Kansas [Mr. SCHOEPEL]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from Kansas would vote "nay."

The Senator from West Virginia [Mr. REVERCOMB], is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 51, nays 17, as follows:

YEAS—51

Aiken	Fulbright	McNamara
Allott	Gore	Monroney
Anderson	Green	Morse
Beall	Hayden	Morton
Bennett	Hennings	Mundt
Bridges	Hickenlooper	Neuberger
Bush	Hill	Payne
Capehart	Humphrey	Proxmire
Carlson	Jackson	Purtell
Carroll	Javits	Smathers
Case, N. J.	Johnson, Tex.	Smith, Maine
Case, S. Dak.	Kefauver	Smith, N. J.
Church	Kennedy	Sparkman
Clark	Knowland	Symington
Cooper	Kuchel	Thye
Dirksen	Lausche	Watkins
Douglas	Martin, Iowa	Wiley

NAYS—17

Bible	Goldwater	Stennis
Chavez	Jenner	Talmadge
Curtis	Jordan	Thurmond
Dworshak	Langer	Williams
Ellender	Malone	Young
Ervin	Russell	

NOT VOTING—28

Barrett	Hruska	O'Mahoney
Bricker	Ives	Pastore
Butler	Johnston, S. C.	Potter
Byrd	Kerr	Revercomb
Cotton	Long	Robertson
Eastland	Magnuson	Saltonstall
Flanders	Mansfield	Schoeppel
Frear	Martin, Pa.	Yarborough
Hoblitzell	McClellan	
Holland	Murray	

So the bill (H. R. 12181) was passed. Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. GREEN. Mr. President, I move that the Senate insist on its amendments to House bill 12181, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GREEN, Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. WILEY, Mr. SMITH of New Jersey, Mr. HICKENLOOPER, and Mr. KNOWLAND conferees on the part of the Senate.

Mr. GREEN. Mr. President, I ask that the bill, as amended and passed by the Senate, be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TILL 11 A. M. MONDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 11 o'clock a. m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO SENATOR GREEN

Mr. JOHNSON of Texas. Mr. President, I wish to pay high tribute to the distinguished chairman of the Foreign Relations Committee, who has been the floor manager for the bill just passed, and who has handled the measure with his usual skill and efficiency.

This is a very difficult piece of legislation, as we all know. It is time consuming. We spent days and nights working on the bill. It has now been passed, after most careful attention, by an overwhelming vote. I believe that vote is a tribute to the industry of the distinguished chairman of the committee, Senator THEODORE GREEN, and an indication of the confidence we have in him. [Applause.]

BASIC PHILOSOPHY AND RATIONALE UNDERLYING AMERICAN FOREIGN POLICY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that there be printed in the body of the RECORD a statement by Hon. John Foster Dulles, Secretary of State, before the Senate

Foreign Relations Committee today, on the subject of the basic goals of United States foreign policy.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE HONORABLE JOHN FOSTER DULLES, SECRETARY OF STATE, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE

Mr. Chairman, my associates in charge of regional and economic affairs have made detailed expositions of United States foreign policy in relation to particular subjects. I shall present the basic philosophy, the rationale, which underlies those policies.

I. OUR BASIC GOALS

United States foreign policy is designed to protect and promote the interests of the United States in the international field. It is based upon certain facts and convictions:

(a) That the peoples of the world universally desire the elimination of war and the establishment of a just peace;

(b) That the designs of aggressive Communist imperialism pose a continuous threat to every nation of the free world, including our own;

(c) That the security of this Nation can be maintained only by the spiritual, economic, and military strength of the free world, with this Nation a powerful partner committed to this purpose;

(d) That change is the law of life, for nations as well as for men, and that no political, economic, or social system survives unless it proves its continuing worth in the face of everchanging circumstances;

(e) That the effectiveness of our collective security measures depends upon the economic advancement of the less developed parts of the free world, which strengthens their purpose and ability to sustain their independence;

(f) That in all international associations and combinations within the free world, of which the United States is a member, it considers all nations, including itself, as equals. The sovereignty of no nation will ever be limited or diminished by any act of the United States.

The interests of the United States, which our foreign policy would safeguard and promote, include:

The lives and homes of our people; their confidence and peace of mind; their economic well-being; and their ideals.

These interests are not mutually exclusive; rather they are overlapping and interdependent. Yet, of them, ideals rank first.

Our people have never hesitated to sacrifice life, property, and economic well-being in order that our ideals should not perish from the earth.

So we often have a narrow path to tread. We must avoid war and still stand both firm and affirmative for what we deem to be just and right.

Success in our purposes requires that we have vision to see, hearts to understand, and minds to resolve, the problems of the world in which we live.

II. THE CHALLENGE OF CHANGE

We face the challenge of change. Long-established political relationships are evaporating; massive fresh human aspirations demand new responses; physical limitations within and without this globe are being swept away by the advances of science.

1. We are witnessing a political revolution that is drastic and worldwide in its repercussions. For 500 years Europe was predominant in the world through a political system known as colonialism, backed by preponderant industrial and military power.

That political system is now in process of rapid transformation. Within the last 15

years 700 million people of 20 countries have won political independence. This trend will continue.

But stability is not achieved and a new order comfortably established merely by the grant of political independence. That is but the beginning of a two-phased struggle.

To preserve political independence requires a people who themselves exercise self-restraint and who acquire education. Without these qualities, political independence may mean but a brief transition from benevolent colonialism to ruthless dictatorship.

The second front is the economic front. The grant of independence has generated mass aspirations, which have spread contagiously to all who, having been bogged down for centuries in a morass of abject poverty, demand a prospect for rising in the economic scale.

Thus, we face a world new both in terms of its political structure and its economic demands.

2. We face another new world in terms of physical power. The splitting of the atom revealed sources of power, so vast, so omnipresent, as to imply a new industrial revolution. Also it changes the very nature of war, in that general war now would menace the very existence of human life upon this planet.

3. A third new world opens in terms of outer space. Throughout history, until now, man has assumed that the atmosphere put a limit on man's reach. Now his satellites and missiles go far beyond. Soon they will be carrying human beings far beyond. Just what this means we do not know. We sense but dimly what we realize must be new possibilities of infinite purport.

4. Even on this globe, old areas take on new aspects. What were barriers of forbidding cold and ice now, in the North, offer the routes whereby many can most quickly establish contact with each other. And in the South, Antarctica, probed by the Geophysical Year, reveals a new and exciting possibility of service to mankind.

5. And peace must be better assured within the society of nations.

Today no international wars are being fought. For that we can be thankful. But our peace is a precarious peace. It depends too much on individual and national restraints, upon accurate calculations, and upon avoidance of miscalculations and mischances. It is not sufficiently rooted in a system of law, order and justice.

Unless we build a better international order, all of the new prospects which beckon mankind forward and upward will come to the naught of a blackout that has no ending.

III. THE GOALS OF INTERNATIONAL COMMUNISM

These challenges of a changing world are the more demanding of us because International communism seeks to dominate the change and thereby itself ride to world rule.

It professes a creed which, it claims, shows the way to assured peace and great productivity. According to it, human beings are animated particles of matter; order and maximum productivity require that they be directed in accordance with a master plan which will assure conformity of thought and act, and eliminate the discords inherent in a society which gives freedom of thought and choice to the individual human being. The Soviet Communist Party, as the general staff of the world proletariat would devise and administer the worldwide master plan.

International communism emphasizes science and scientific applications. It seeks to dominate the world with a military establishment so powerful that its will will not be challenged. It strives for superiority in all material ways, including economic productivity. It makes intensive efforts in the new fields of nuclear energy, and in the exploration of outer space.

Thus, the challenge of change that confronts us offers not a choice between freedom and stagnation, or even between freedom and chaos. The choice is between freedom and a world in which great power, strong discipline, and a materialistic creed are combined to end everywhere the exercise of human freedom.

IV. OUR RESPONSE TO THE CHALLENGE OF CHANGE

The United States responds to the challenge of change. As an equal among equals, and in willing partnership with others, we play a positive and creative part. We do so not merely as a counter to Communist imperialism. We do so because to play such a part is natural to us and comports with our great tradition. We do so in no partisan mood, but with policies that reflect solid bipartisan cooperation.

The independence movement

1. On September 8, 1954, at Manila, acting under the inspiration of President Magsaysay, the United States and other Western powers joined with free Asian nations to proclaim the Pacific Charter. The signatories declared:

"They uphold the principle of equal rights and self-determination of peoples and they will earnestly strive by every peaceful means to promote self-government and to secure the independence of all countries whose peoples desire it and are able to undertake its responsibilities."

We realize full well that the solid establishment of independence is a hard task. We take every appropriate occasion to assist it.

We encourage educational exchanges and "leader" visits.

We provide technical assistance, both bilaterally and through the United Nations.

We provide funds for economic development. Private capital plays the primary role. But the Export-Import Bank and the Development Loan Fund are essential supplements.

The leaders of the new countries are not blind to the danger to independence that stems from international communism. They seek to find, in freedom, the way to solve their countries' problems. They look to the United States as the nation from which they can most dependably obtain assistance which will add to, not subtract from, their lasting independence.

Atoms for peace

2. The United States pioneers in the world of the atom. Our first concern is that this incredibly great force shall not be used for human destruction.

In 1946, when atomic power was still our monopoly, we sought, through the Baruch plan, such international control as would assure that atomic power would never be an instrument of war. The Soviet Union rejected that proposal. We nevertheless continue our efforts. President Eisenhower's "atoms for peace" proposal, made to the United Nations in 1953, finally led to positive results, which should grow with time.

The International Atomic Energy Agency was established in 1957 with a present membership of 66 nations, including the U. S. S. R. But that Government still fails to join to implement that vital part of the President's proposal which would have drawn down nuclear war stocks for peace stocks under international control.

We continue to press the Soviet Union in that respect.

We continue to develop and to spread the peaceful uses of atomic energy.

We have made bilateral arrangements with 39 nations and have supplied research reactors to 16 nations. Negotiations are under way with others.

We are developing close and constructive relations with Euratom the atomic agency of six Western European nations.

President Eisenhower expressed, in 1953, to the United Nations our determination "to find the way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life."

We are doing much to assure that the new world of power which is developing will, in fact, serve that noble purpose.

Outer space for peace

3. We also give leadership in planning for the use of the new world of outer space. I recall President Eisenhower's letter of January 13, 1958, to Mr. Bulganin, where he said:

"I now make, Mr. Chairman, a proposal to solve what I consider to be the most important problem which faces the world today."

"I propose that we agree that outer space should be used only for peaceful purposes. We face a decisive moment in history in relation to this matter."

So far the Soviet reply has been evasive. But we feel confident that our viewpoint will prevail, if for no other reason than that the Soviet Union will finally see its own welfare in that result.

Meanwhile we plan our civilian space agency, legislation for which is now before the Congress. It will help us devise and implement programs for the peaceful use of outer space.

The polar areas

4. In Antarctica, we have actively participated in the scientific studies of the Geophysical Year. We have become deeply impressed with the danger if that unfolding continent should become a scene of international rivalry and if its physical possibilities were to be used to threaten world peace and security. So, the United States has proposed that a conference be held to negotiate a treaty guaranteeing peaceful use of Antarctica and continued international scientific cooperation there. We invited 11 countries which had heretofore shown particular interest in Antarctica, including the Soviet Union. All of them have replied favorably.

We look upon the north polar region as another changing area which should be organized for peace.

Mr. Khrushchev has pointed out to us that "the air route over the northern polar regions is the shortest distance between the U. S. S. R. and United States of America and is therefore an important strategic area which has special significance in connection with the availability of rocket weapons."

That fact makes it the more imperative that these new routes of rapid communication shall be only peaceful and not carry threats leading to new fears, new armaments, and more preparedness.

We recently proposed to the United Nations Security Council to initiate in this area President Eisenhower's open skies proposal. We were supported by all of the members of the Council except the Soviet Union. We shall persist to assure that the new world of the Arctic shall be impressed into the service of peace, not of war. Our concept is so sound and just, and so much in the interest of all mankind, that we expect the Soviets to come to accept it, as they already accept the principle of reserving Antarctica for peace.

The organization of peace

5. Our most intensive efforts are those designed to create a world where peace is stably ensconced.

(a) The United Nations is, of course, a primary reliance, and it has well served the cause of peace. Through the collective action of its members, aggression in Korea was repelled. Through the United Nations, peace was restored in the Middle East.

We strive in all possible ways to invigorate the processes of the United Nations and have, under difficult circumstances, shown our loyalty to its principles. There are, however, built-in limitations.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 10, 1958
For actions of June 9, 1958
85th-2d, No. 92

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HIGHLIGHTS: House received supplemental appropriation request for various agencies, including USDA. Senate passed general Government matters and independent offices appropriation bills. House debated trade agreements bill. (Highlights continued on page 5.)

HOUSE

1. APPROPRIATIONS. Received from the President supplemental appropriation estimates for the fiscal year 1959 (House Doc. 394); to Appropriations Committee. This document includes the following items for this Department: Agricultural Research Service, for the control and eradication of witchweed, \$3,000,000; and for meat inspection, \$2,100,000; Agricultural Conservation Program Service, proposed language to continue available until December 31, 1958, the unobligated balances of appropriations made during calendar year 1957 for "Emergency Conservation Measures"; Soil Bank Programs, for the Acreage Reserve Program, \$282,800,000; and to increase the limitation on administrative expenses for this program from \$13,000,000 to \$20,600,000. p. 9523
The Appropriations Committee was granted permission until midnight Mon., June 9, to file a report on the public works appropriation bill. p. 9465
2. FOREIGN TRADE. Began debate on H. R. 12591, to extend the authority of the President to enter into trade agreements. pp. 9468-9509, 9520-22
3. GRAIN STANDARDS. The Agriculture Committee reported with amendment S. 2007, to amend the Grain Standards Act to permit the collection of charges to reimburse the Department for overtime, travel, and certain other costs in connection with handling appeal inspections (H. Rept. 1862). p. 9524

4. FORESTRY. The Agriculture Committee reported without amendment H. R. 10321, to authorize exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the Forest (H. Rept. 1863). p. 9524
5. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 8645, to amend the Reclamation Project Act regarding the repayment of contracts on reclamation projects (H. Rept. 1861). p. 9524
6. CIVIL WORKS. The Appropriations Committee reported without amendment H. R. 12858, making appropriations for civil functions administered by the Army, Interior, and TVA for 1959 (H. Rept. 1864). p. 9524
7. UNEMPLOYMENT COMPENSATION. Passed with amendment H. J. Res. 624, making appropriations to the Department of Labor for unemployment compensation payments, including former Federal employees. This measure had been reported without amendment earlier by the Appropriations Committee (H. Rept. 1860). pp. 9467-68, 9524
8. FARM PROGRAM. The "Daily Digest" states as follows: "Committee on Agriculture: Met in executive session for consideration of a proposed omnibus farm bill. Committee will vote in executive session tomorrow on the respective sections thereof." p. D516
9. PERSONNEL. Agreed to the conference report on S. 72, to increase annuities payable to certain annuitants from the civil service retirement and disability fund. pp. 9466-67
Received from the State Department a proposed bill "to encourage and authorize details and transfer of Federal employees for service with international organizations"; to Post Office and Civil Service Committee. p. 9523
10. FOREIGN AID. Conferees were appointed on H. R. 12181, the mutual security authorization bill. (p. 9510) Senate conferees were appointed June 6.
Received from the State Department a report for 1957 on major changes in the mutual security program. p. 9524

SENATE

11. APPROPRIATIONS. Passed as reported H. R. 10589, the general Government matters appropriation bill for 1959. Senate conferees were appointed. p. 9426
Passed with amendments H. R. 11574, the independent offices appropriation bill for 1959. Adopted the committee amendments which include \$100,000 for farm housing research, and amendments by Sens. Magnuson to require construction of Federal Office Building No. 6 in D. C., and by Sen. Dirksen to allow all 29 contracted-for lease purchase buildings to be constructed. Senate conferees were appointed. pp. 9426-32
The committee report on the independent offices bill included the following statement:
"The committee recommends to be inserted in the bill the item for farm housing research, in the amount of \$100,000, to continue the program started last year with \$75,000 in the supplemental bill, to carry out the provisions of section 603 of the Housing Act of 1957 through grants for research, study, and analysis to be conducted by land-grant colleges.
"In this connection, the committee believes that this phase of such research should be concluded within the amount recommended, and that any further research on this subject should be done within the funds appropriated to the Department of Agriculture."

trade. One after another of our products will be taken over by foreign producers and put on the market at a much lower cost than we are able to manufacture them simply because of the great difference in the working standards and production costs.

I recognize the fact that tremendous pressure has been brought to bear on both sides of the aisle from many groups who profess to believe that a continuation of the present reciprocal trade program under present law is essential for our welfare. I would like to be sure that we realize just what this means. The Constitution clearly places the responsibility for imposition of tariffs in the hands of the Congress. The Tariff Commission is an agency created by Congress to carry out certain aspects of the tariff administration. Yet, for nearly a quarter of a century, the responsibility of the Congress in this field has been waived through a delegation of authority to the President. During that period the State Department, which is the principal adviser to the President on trade matters, has become more and more involved with world problems and the thinking of its experts are more and more shaped by the commitments associated with world leadership. This is understandable, but when the recommendations of the State Department have a direct bearing upon the livelihood of American citizens we must be certain that they are placed in proper focus. The Congress with its fresher contacts with the American people and closer understanding of our basic economic situation can best insure the balance which is needed in this program.

Foreign Trade Agreements are but one element of the leadership between the United States and other nations. Because of recent world happenings, many of them detrimental to us, the entire foreign policy of the United States will be under careful scrutiny in coming months. Therefore, it appears clear that until the future relations of the United States with respect to the other nations can be determined, at least in principle, it would be a grave error to commit ourselves on this one segment of the nation's foreign policy to the extent of committing it to a continuation of the present course of action. Particularly is this so in the light of the controversial nature of the policy embodied in the proposed legislation.

Furthermore, it appears that this is not a propitious time to grant a 5-year extension of the foreign agreements machinery contemplated by the reciprocal trade agreements legislation in view of the unsettled and rapidly fluctuating state of international conditions. The nature of the international affairs should raise serious doubts in every mind whether the authority proposed to be granted the President by the committee bill should be approved.

We seem to suffer at times from a paralysis of ideas. Not long ago at the very hour of the debate on foreign aid in the House of Representatives the structures of good will and understanding which the foreign aid program supposedly is insuring for us were collapsing all over the world. Yet, the House with-

out major change in the program voted and the Senate has since followed suit in voting for a program which is in disrepute at home and abroad.

The farm program is not in any sense a desirable one with its great surpluses, its gradual elimination of world markets to the American farmer, its deadend policies which are forcing hundreds of thousands of small farmers off the farms and into the crowded slums of the cities, finds no sharp, clear and promising alternatives.

We have blindly followed the reciprocal trade agreements program for nearly 25 years. Yet I am not sure we are following the fundamentals for which it was created. Certainly the conditions under which we adopted it are far different from the conditions of today. Certainly we cannot carry the entire load of world affairs. But I have seen little evidence of a reappraisal to determine whether there is real justification for the program; whether this is blind obedience to custom; or whether it is time for new ideas and new policies.

Somewhere, somehow, from some source, there must be new thinking, new policies and new leadership with which to meet the great unsolved problems which confront us, and which have plagued us for many years. Until they are available, we must go on our plodding overworked ways, and do the best we can. In this instance, we can improve conditions for the people we represent by voting for the substitute bill and that I propose to do.

Mr. MILLS. Mr. Chairman, I yield such time as he may require to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, I rise in opposition to the bill and in favor of the substitute bill.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Chairman, to many Members, the Trade Agreements Extension Act of 1958 offers, at best, a most difficult choice.

If we vote against it, to protect those industries in our districts that have suffered from competing imports produced at substandard wages, we ignore the larger interests of the United States in its dealings with other nations.

If, however, we take the longer view, we shall fail in our immediate obligations to those industries and those constituents that are not protected against the invasion of low-cost foreign goods.

The bill calling for a 5-year extension, is too much for us to support. We are willing to make a reasonable compromise, limiting the extension to 1 or 2 years, and with safeguards whereby our industries may obtain relief from unfair competition.

It is obvious that we must have foreign trade on a 2-way, buy and sell basis, not only for the hundreds of American industries, and the four and one-half million American workers, whose livelihood depends upon our export trade; but for those nations that must find a market for their products in the United States, or else do business with the Communist world under conditions that

would subject them to Communist economic pressures.

At the same time, it is our sworn duty to protect the economic security and the standards of those American industries that are endangered by competing imports. How shall we design a fair and equitable balance between these two needs?

In the past, the failure of the executive branch of our Government to heed peril point appeals, or to impose quotas on imports where reasonable tariffs do not protect domestic industries, has caused serious injury to our manufacturers of textiles, and of heavy electrical equipment, as well as many other industries.

The current recession in the United States, emphasizes the need of providing prompt and effective relief for those American industries and American workers whose welfare is clearly threatened by imports. To make certain that this relief is not neglected, or sidetracked, the Congress must have the final voice in determining our tariff and foreign trade policies, as authorized by the Constitution.

There will, as there must be, more reciprocal trade as time goes on, and as other nations approach our fair labor standards. But, in the uncertain present, we cannot delegate arbitrary power to the Executive for as long a period as 5 years, and without any checks on that power.

For the record since the end of World War II, does not inspire complete confidence in the Executive to exercise those powers with due regard for the dislocations caused by excessive imports.

Therefore, while we believe in the basic principles and purposes of the Trade Agreements Extension Act, we must insist, at this time, on those minimum controls that will prevent unfair competition in our domestic markets caused by imports produced at substandard wages and under substandard working conditions.

Mr. MILLS. Mr. Chairman, I move that the Committee do now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 12591) to extend the authority of the President to enter into trade Agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, had come to no resolution thereon.

GILLOUS M. YOUNG

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1492) for the relief of Gillous M. Young, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill. The Clerk read the Senate amendments, as follows:

Page 1, lines 5 and 6, strike out "the sum of \$3,751.47. Such sum represents" and insert "any sum representing."

Page 2, strike out lines 4 to 20, inclusive.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

WESTERN INSTRUMENTS ASSOCIATES

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1700) for the relief of Western Instruments Associates, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, lines 1 and 2, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

E. B. KAISER CO.

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3679) for the relief of E. B. Kaiser Co., with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: "That jurisdiction is hereby conferred upon the Court of Claims, notwithstanding any prior determination or dismissal by such court or any other provision or rule of law to the contrary, to hear de novo, determine, and render judgment upon all claims of the E. B. Kaiser Co., of Chicago, Ill., against the United States for compensation for additional work done in connection with the performance of subcontract No. 27-42 under contract W559 eng-5949, and such claims shall be considered as if they had arisen subsequent to the enactment of the act entitled 'An act to permit review of decisions of the heads of departments, or their representatives or boards, involving questions arising under Government contracts,' approved May 11, 1954 (41 U. S. C., secs. 321 and 322): *Provided*, That the enactment of this legislation shall not be construed as an inference of liability on the part of the United States Government. "Sec. 2. Suit upon such claims may be instituted at any time within 90 days after the date of enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in.

The title was amended so as to read: "An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment on certain claims of the E. B. Kaiser Co., of Chicago, Ill."

A motion to reconsider was laid on the table.

UNITED FOUNDATION CORPORATION OF UNION, N. J.

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5355) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment on certain claims of the United Foundation Corporation of Union, N. J., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 7, after "322" insert: "*Provided*, That the enactment of this legislation shall not be construed as an inference of liability on the part of the United States Government."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THOMAS HELMS AND OTHERS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5424) for the relief of Thomas Helms and other employees of the Bureau of Public Roads, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 1, strike out "Kinnman" and insert "Kinnan."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

W. C. YARBROUGH

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6932) for the relief of the estate of W. C. Yarbrough, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 11, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

ARNIE M. SANDERS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7733) for the relief of Arnie M. Sanders, with a Senate

amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 11, and page 2, line 1, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

AMENDING TITLE 10, UNITED STATES CODE

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1061) to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property, or personal injury or death, not cognizable under any other law, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. LANE, WILLIS, and POFF.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, with an amendment of the Senate thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MORGAN, CARNAHAN, ZABLOCKI, VORYS, and JUDD.

MENSHIKOV MUST GO

(Mr. FEIGHAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FEIGHAN. Mr. Speaker, it is proper that Nikolai Kurochkin, Third Secretary of the Soviet Embassy, be declared persona non grata because he violated the norms of behavior for diplomatic representatives. President Eisenhower should forthwith declare Ambassador Menshikov persona non grata as I urged in my speech here on May 19. I have discussed Menshikov's activities with State Department officials occupying high policy positions and not one has denied the fact that good and sufficient reasons exist to declare Menshikov persona non grata. Russian Ambassador Menshikov has systematically violated the norms of behavior for diplomatic representatives by stating palpable lies,

17. FOREIGN AID. The conferees agreed to file a conference report on H. R. 12181, the mutual security authorization bill. p. D562
18. ELECTRIFICATION. A subcommittee of the Jt. Committee on Atomic Energy ordered reported with amendment S. 3788 and H. R. 12459, authorizing appropriations for certain Atomic Energy Commission activities including the cooperative power reactor demonstration program. p. D562
19. FORESTRY. The Interior and Insular Affairs Committee ordered reported without amendment H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park. p. D560
20. STATEHOOD; RECLAMATION. The "Daily Digest" states as follows: "Committee on Interior and Insular Affairs: Announced that a point of order was made and sustained against consideration of H. R. 49, Hawaii statehood bill, as scheduled. By a rollcall vote of 14 to 8, the committee voted to make in order as the first item of business on Wednesday, June 25, the consideration of H. R. 594, Fryingpan-Arkansas project, Colorado, and by a rollcall vote of 19-5 voted that H. R. 49 will be considered following completion of action on H. R. 594." p. D560
21. APPROPRIATIONS. Conferees were appointed on H. R. 12428, the State-Justice appropriation bill for 1959. Senate conferees were appointed June 11. p. 10487
Passed without amendment H. R. 12948, the District of Columbia appropriation bill for 1959. The bill includes funds for a school milk program for D. C. school children, and for the distribution of surplus commodities and relief milk to public and charitable institutions. pp. 10508-511
Rep. Wilson, Ind., discussed the agricultural appropriation bill for 1959, commented on language in the bill prohibiting this Department from making changes in the ACP program unless first recommended by the county committees and approved by the State committees, and stated that "it is unfortunate that the administration of the agricultural conservation program cannot be entrusted to the Department of Agriculture." pp. 10511-512
Debated H. R. 12858, making appropriations for civil functions administered by the Army, Interior, and TVA for 1959 (includes appropriations for the Bureau of Reclamation, Bonneville Power Administration, Southeastern Power Administration and Southwestern Power Administration). pp. 10512-530
22. PUBLIC WORKS. Passed with amendment, under suspension of the rules, S. 3910, to authorize public works on rivers and harbors and flood control projects. A similar bill, H. R. 12955, was laid on the table. pp. 10493-508
23. BUDGETING. Received from the President amendments to the budget for 1959, involving an increase in the amount of \$8 million for mutual assistance programs (H. Doc. 407); to Appropriations Committee. p. 10536
24. WATERSHEDS. Received letters from the Bureau of the Budget transmitting plans for works of improvement for the Antelope Creek watershed, Nebr., Bear, Fall, and Coon Creeks watershed, Okla., and Auds Creed watershed, Tex.; (to Agriculture Committee); and for the Mud River watershed, Ky., and Tramperos Creek watershed, N. Mex.; (to Public Works Committee). p. 10537

ITEMS IN APPENDIX

25. SURPLUS FOOD. Extension of remarks of Sen. Proxmire commending 4-H Club members and inserting Eric Johnson's speech to the Conference, and stating that he "pointed out that the surplus farm commodities which are so often regarded as a curse and burden by the present administration" have been, in fact, an aid in fighting Communists. pp. A5561-2
26. PAPERWORK; LIBRARIES. Rep. Hays, Ohio, inserted a speech before the Inter-agency Records Administration Conference, "Congressional Committee Views Government Paperwork Management." pp. A5562-5
Rep. Hays inserted a letter emphasizing the importance of management improvement programs. p. A5565
27. STATEHOOD. Various insertions favoring statehood for Alaska and Hawaii. pp. A5565-6, A5568, A5569-70, A5572, A5578, A5582-3, A5584
28. FARM PROGRAM. Rep. Bentley inserted an editorial, "Farmers Are Doing Better." p. A5575
29. ELECTRIFICATION. Extension of remarks of Rep. Aspinall commending REA programs, inserting an editorial, "Preserve This Business," and stating that the editorial "expresses very clearly the feeling of those everywhere who are disturbed by the present administration's attempts to liquidate" these programs. p. A5580
30. RESEARCH. Rep. Beamer inserted an editorial urging support for Sen. Capehart's proposed plan for increased research for marketing and utilization of farm products. p. A5580
31. PEST CONTROL. Extension of remarks of Rep. Metcalf calling attention to his proposed bill for studies of the effects of pesticides on fish and wildlife, and inserting a report, "Effects of the Fire Ant Eradication Program Upon Wildlife, Summary of Information Available May 25, 1958." pp. A5592-4

BILLS INTRODUCED

32. WILDLIFE. S. 4028, by Sen. Humphrey (for himself and others), and H. R. 13013, by Rep. Saylor, to establish a National Wilderness Preservation System for the permanent good of the whole people; to Interior and Insular Affairs Committees. Remarks of Sen. Humphrey. pp. 10401-8
33. MINERALS. H. R. 13000, by Rep. Boggs, to continue until the close of June 30, 1959, the suspension of certain import taxes on copper; to Ways and Means Committee.
H. R. 13020, by Rep. Baring, to provide for the purchase of copper; to Interior and Insular Affairs Committee.
34. BUILDINGS. H. R. 13002, by Rep. Burleson, to provide for the erection of a Federal and post office building in Mineral Wells, Tex.; to Public Works Committee.
H. R. 13003, by Rep. Burleson, to provide for the erection of a Federal and post office building in Snyder, Tex.; to Public Works Committee.
H. R. 13004, by Rep. Burleson, to provide for the erection of a Federal and post office building in Dublin, Tex.; to Public Works Committee.

H. R. 5450, re enlargement to Isle Royale National Park, Mich.;

H. J. Res. 228, re St. Ann's Churchyard, New York City, as national historic site;

H. R. 4503, Kentucky land conveyance;

H. R. 3145, validating a previous California land conveyance;

H. R. 12018, to acquire certain land on the island of Guam;

H. R. 4675, re Hawaii civil service laws;

H. R. 9500, to permit certain sales of public lands in Hawaii;

H. R. 10423, to grant the status of public lands to certain reef lands, Hawaii; and

H. R. 11954, relating to general obligation bonds and to delete the annual limitation on indebtedness that may be incurred by the Territory of Hawaii.

INTERSTATE COMMERCE MISCELLANY

Committee on Interstate and Foreign Commerce: Subcommittee on Transportation and Communications in executive session ordered favorably reported to the full committee the following bills:

H. R. 4305 (amended), relating to reimbursement for damage to the Ryan-Hemet Airport in accordance with Federal Airport Act;

H. R. 7757 (amended), exempting certain vessels from requirement of radio-telephone installations; and

H. R. 8742 (amended), to provide a 2-year statute of limitations on actions involving transportation of property and passengers of the United States Government.

In a preliminary hearing testimony was received on H. R. 7757 from Representative Hale and Commissioner Robert T. Bartley, FCC.

NEW AUTOMOBILE SALES

Committee on Interstate and Foreign Commerce: Subcommittee on Commerce and Finance in executive session ordered favorably reported to the full committee S. 3500, to require the full and fair disclosure of certain information in connection with the distribution of new automobiles in commerce.

EXPLOSIVES

Committee on the Judiciary: Subcommittee No. 3 held hearing on the following bills, all relating to the importation, transportation, or use of explosives: H. R. 11806, 12667, 12831, 12935, H. J. Res. 168, and H. J. Res. 526. Testimony was received from Representatives Celler, Keating, Rodino, Loser, and Griffiths; and public witnesses.

JUDICIAL INVESTIGATION

Committee on the Judiciary: Antitrust Subcommittee continued hearings on inquiry into the conduct in office of Robert Ticken, United States attorney for the northern district of Illinois. Hearings continue tomorrow.

PRIVATE CLAIMS

Committee on the Judiciary: Subcommittee No. 2 held hearing on several private claim bills.

DEFAULT OF CONTRACT

Committee on Merchant Marine and Fisheries: Special subcommittee continued hearings on inquiry into the recent default by Victory Carriers, Inc., under a contract for the building of three large tankers for American-flag operations. Testimony was received from the president of Victory Carriers, Inc., and hearings continue tomorrow.

SUPERGRADE POSITIONS

Committee on Post Office and Civil Service: Subcommittee on Manpower Utilization continued hearings on the need for additional supergrade positions in the Federal Government. Witnesses heard were Representatives Sikes, Anfuso; and representatives of the Justice Department and Federal Trial Examiners Conference, respectively. Hearings recessed until Tuesday, June 24.

FEDERAL EMPLOYEE TRAINING

Committee on Post Office and Civil Service: Hemphill subcommittee in executive session ordered favorably reported to the full committee S. 385 (amended), to authorize the training of Federal employees at public or private facilities.

FEDERAL AND STATE LAWS

Committee on Rules: Granted an open rule with 6 hours of debate on H. R. 3, with respect to interpretation of acts of Congress in relation to State laws. Witnesses heard on the rule were Representatives Willis, Celler, Keating, Feighan, Libonati, Diggs, Dawson of Illinois, Vanik, Santangelo, Roosevelt, Griffiths, Teller, Holtzman, Dingell, Thompson of New Jersey, Udall, and Farbstein.

VETERANS' INCORPORATION

Committee on Rules: In executive session granted an open rule with 1 hour of debate on H. R. 11077, to incorporate the Veterans of World War I of the United States of America.

VETERANS' MISCELLANY

Committee on Veterans' Affairs: In executive session ordered favorably reported to the House the following bills:

H. R. 65, to provide certain allowances to United States citizens assigned to the VA office in the Philippines;

H. R. 413 (amended), to provide a further period for presuming service connection in the case of veterans suffering from disease of leprosy;

H. R. 1143 (amended), to provide that arthritis, psychoses, or multiple sclerosis developing a 10-percent or

more degree of disability within 3 years after separation from active service shall be presumed to be service connected;

H. R. 2770, to provide that no application shall be required for the payment of statutory awards for certain conditions which, prior to August 1, 1952, have been determined by the VA to be service connected;

H. R. 3630, providing aid allowance of \$200 per month to triple and quadruple amputees during periods in which they are not hospitalized at Government expense;

H. R. 4214, to provide additional compensation for veterans having the service-incurred disability of deafness of both ears;

H. R. 11801, to increase the burial allowance for deceased veterans from \$150 to \$250;

H. R. 10461, to provide a special rate of compensation for certain blind veterans; and

H. R. 12927, to provide for apportionment of compensation of veterans who disappear.

SOCIAL SECURITY ACT

Committee on Ways and Means: Continued hearings on all titles of the Social Security Act. Testimony was received from Representatives Baldwin, Porter; Delegate Fernós-Isern; the Governor of the State of Oregon; and public witnesses. Hearings continue tomorrow.

SPACE EXPLORATION

Select Committee on Astronautics and Space Exploration: Met in executive consideration of Senate amend-

ments to H. R. 12575, to provide for research into problems of flight within and outside the earth's atmosphere. Adjourned subject to call of the Chair.

DEFINITION OF "SMALL BUSINESS"

Select Committee on Small Business: Subcommittee No. 2 continued hearings on the proposed definition of "small business" as issued by the Small Business Administration. Testimony was received from Wendell B. Barnes, Administrator, SBA. Adjourned subject to call of the Chair.

Joint Committee Meetings

AEC AUTHORIZATIONS

Joint Committee on Atomic Energy: Subcommittee on Legislation, in executive session, ordered favorably reported to the full committee with amendments S. 3786 (H. R. 12457) and S. 3788 (H. R. 12459), bills to authorize appropriations for the Atomic Energy Commission for fiscal 1959.

MUTUAL SECURITY AUTHORIZATIONS

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 12181, Mutual Security Act of 1958. The bill, as agreed upon by the conferees, would provide a total of \$3,031,400,000, of which amount \$1,605,000,000 is for military assistance, and \$810,000,000 for defense support.

BILLS SIGNED BY THE PRESIDENT

(For last listing of public laws, see DIGEST, p. D539)

New Laws

H. R. 7251, to include persons pursuing educational programs in the Panama Canal Zone for purposes of receiving benefits under certain veterans' acts. Signed June 18, 1958 (P. L. 85-460).

H. R. 6908, relating to hospitalization of veterans in the Philippines. Signed June 18, 1958 (P. L. 85-461).

COMMITTEE MEETINGS FOR THURSDAY, JUNE 19

(All meetings are open unless otherwise designated)

Senate

Committee on Agriculture and Forestry, executive, on proposed long-range farm program and bills relating to the increased industrial uses of agricultural commodities, 10 a. m., 324 Senate Office Building.

Committee on Armed Services, on H. R. 12541, Defense Department reorganization bill, 10:30 a. m., 212 Senate Office Building.

Committee on Banking and Currency, executive, on S. Res. 264 (Monroney), to establish an International Development Association, 10 a. m., 301 Senate Office Building.

Committee on Finance, executive, on H. R. 8381, Technical Changes Act, 10 a. m., 312 Senate Office Building.

Committee on Foreign Relations, Subcommittee on Economic and Social Affairs, on S. 3557, to amend the International Claims Settlement Act with regard to claims against Czechoslovakia, 2:30 p. m., room F-53, Capitol.

Committee on Interior and Insular Affairs, to hear Secretary of the Interior Seaton on the Domestic Minerals Stabilization Program, 10 a. m., 318 Senate Office Building;

Subcommittee on Indian Affairs, on S. 3203 and 3204, bills relating to Wind River Indian Reservation, 10 a. m., 155 Senate Office Building;

Irrigation and Reclamation Subcommittee, on S. 3297, Federal cooperation with the Nebraska Midstate Reclamation Project in constructing the Midstate Project, 2 p. m., 224 Senate Office Building.

Committee on Post Office and Civil Service, special subcommittee, on S. 3888, Career Service Act of 1958, 10 a. m., 135 Senate Office Building.

House

Committee on Agriculture, Subcommittee on Domestic Marketing on bills relating to futures trading in potatoes, 9:30 a. m., 1310 New House Office Building.

Committee on Banking and Currency, executive, on S. 3651, the Small Business Investments Act of 1958, 10 a. m., 1301 New House Office Building.

Committee on Education and Labor, Subcommittee on Labor-Management Relations to hear Chairman of NLRB on general labor legislation, 10 a. m., 429 Old House Office Building.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 20, 1958
For actions of June 19, 1958
85th-2d, No. 101

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HIGHLIGHTS: House committee reported omnibus farm bill. House committee ordered reported bill to authorize training for Federal employees at outside facilities.

HOUSE

1. FARM PROGRAM. The Agriculture Committee reported without amendment H. R. 12954, the omnibus farm bill. See Digest 99 for a summary of this bill. (H. Rept 1939). p. 10679
2. PERSONNEL. The Post Office and Civil Service Committee ordered reported with amendment S. 385, to authorize the training of Federal employees at public or private facilities. p. D567
3. WEATHER CONTROL. Passed as reported S. 86, to provide a weather modification research program under the direction of the National Science Foundation. pp. 10648-649, 10665-670
4. ROADS. The Public Works Committee reported without amendment H. R. 12776, to revise and codify title 23 of the U. S. Code, entitled "Highways" (H. Rept. 1938). p. 10679
5. MINERAL LEASES. The Interior and Insular Affairs Committee reported with amendment S. 2069, to amend the Mineral Leasing Act so as to promote the development of coal on the public domain (H. Rept. 1936). p. 10679

- reported
6. CHEMICAL ADDITIVES. The Interstate and Foreign Commerce Committee ordered without amendment H. R. 9521, to amend the Federal Food, Drug, and Cosmetic Act so as to revise the definition of the term "chemical additive" to provide that it shall not include any pesticide chemicals when used in or on any raw agricultural commodity which is produced from the soil. p. D567
 7. APPROPRIATIONS. Passed with amendments, 361 to 18, H. R. 12858, making appropriations for civil functions administered by the Army, Interior, and TVA (includes appropriations for the Bureau of Reclamation, Bonneville Power Administration, Southeastern Power Administration and Southwestern Power Administration). pp. 10634-647
 8. FOREIGN AID. Consent was granted until Friday night, June 20, for conferees to file a report on H. R. 12181, the mutual security authorization bill. p. 10673
 9. WATERMELONS. Rep. Matthews expressed concern at the high retail price of watermelons, stating that they are retailing in D. C. at 5 cents a pound whereas the farmers in his district receive only one-fourth cent to one cent a pound. p. 10672
 10. RESEARCH. Received from the National Science Foundation a proposed bill "to authorize the expenditure of funds through grants for support of scientific research and for other purposes"; to Interstate and Foreign Commerce Committee. p. 10679
 11. LEGISLATIVE PROGRAM. Rep. McCormack announced that the conference report on H. R. 12181, the mutual security authorization bill, will be considered Tues., June 24, followed later in the week by H. R. 12954, the omnibus farm bill, if a rule is granted on it, and H. R. 4504, to improve marketing facilities for perishable commodities. p. 10654
 12. ADJOURNED until Mon., June 23. p. 10679
- SENATE
13. TAXATION. Continued debate on H. R. 12695, to extend for 1 year the corporate normal-tax rate and certain excise-tax rates. (pp. 10563-8, 10578-619). Agreed to, 59-25, an amendment by Sen. Smathers to repeal the transportation tax (pp. 10586-605).
 14. FOREIGN AID. The Banking and Currency Committee ordered reported with amendment S. Res. 264, to establish an International Development Association in cooperation with the International Bank for Reconstruction and Development. p. D565
 15. HOUSING. Sen. Sparkman reported for the Banking and Currency Committee an original bill without amendment S. 4035, the Housing Act of 1958. He stated that the bill would extend the program for farm housing research for 3 years, and authorize appropriations for each of the 3 years of \$100,000. pp. 10621-624 (S. Rept. 1732).
Sen. Capehart submitted amendments he intends to propose to S. 4035, and a statement in explanation of the effects of the amendments. pp. 10625-631
 16. FLOOD CONTROL. Conferees were appointed on S. 3910, the rivers and harbors and flood control authorization bill. House conferees have not yet been appointed. pp. 10571-578

The Rules Committee has now granted a rule under which the proposed legislation can be brought to the floor for debate and consideration.

Legislation to establish basic regulations of mechanically propelled boats is badly needed. The instant proposals are minimum and many feel the bill does not go far enough.

The Virginian-Pilot in an editorial in its issue of May 21 discusses the matter at some length. I commend its reading to you.

A VIEW TOO NARROW FOR SAFE BOATING

A curious clash between two North Carolina Congressmen representing coastal districts has resulted in the grounding of a bill extending registration requirements to all powerboats.

Representative HERBERT BONNER, of Washington, as Chairman of the House Merchant Marine Committee, is sponsor of the legislation. It would require that all self-propelled boats, regardless of their length and whether they are in salt or fresh water, be numbered and subject to new safety regulations and court processes.

The Bonner bill was drafted after almost 3 years of hearings conducted about the country. Mr. BONNER's committee recruited the assistance of the National Council of State Governments. Paul Johnston, director of the North Carolina Department of Administration, headed a subcommittee which submitted a plan incorporated in the bill. Under the plan the States would conduct the licensing.

After the bill had been piloted through many discussions and wished a bon voyage by the Merchant Marine Committee, Representative GRAHAM BARDEN, of New Bern, opposed it in the House Rules Committee. As a result, the Rules Committee voted 5 to 5 against sending it onto the floor.

Why did Mr. BARDEN decide to drown his colleague's project? The bill, he insisted, would create a hardship for boatowners in his district. He recalled that in 1939 he put through an amendment to the 1918 Numbering Act exempting all boats 16 feet long and under, because the Coast Guard had been arresting owners of unlicensed small craft in New Bern.

Also, Mr. BARDEN asserted that "we already have all the necessary safety statutes on the books, if they were only enforced."

It is true that boat-safety laws are on the books—national, State, and local. Though powerboats of 16 feet and less need not be registered, they, like larger craft, are covered by the Federal Motorboat Act of 1940. That act forbids reckless and negligent operation of even rowboats with outboard motors. It provides for a fine up to \$2,000 and a 1-year prison term for violators.

But inasmuch as smaller boats bear no numbers, identification of them and their owners is difficult. The Coast Guard, lacking shallow-draft, speedy patrol boats, as well as personnel to operate them, is at a disadvantage in enforcing the law. Its officers have learned that busy Federal courts are inclined to view boat-arrest cases as trivial. Only in instances where loss of life or considerable property damage is involved is prosecution likely to be successful.

The Bonner bill would simplify enforcement of the Federal boat-safety laws. It provides for recklessness and negligence cases to be tried before the Coast Guard administrative units, rather than by United States judges. (Appeals to formal courts could be taken.) The identifying numbers would facilitate arrests.

That some facility is needed is borne out by the fact that in Tidewater, as an example, there are State and local as well as Federal laws against reckless and noisy operation of powerboats, yet police arrests here are as

unlikely to be made as Coast Guard arrests. Again, equipment and manpower are lacking.

The growth of small boating in recent years has been phenomenal. At Fifth Coast Guard District headquarters here, 50,000 small boats are registered for Virginia, North Carolina, Maryland, and the District of Columbia. Coast Guard enforcement officers estimate there are 7 to 8 times that many unregistered boats in the district.

Many of the small-boat owners belong to boating organizations. The more responsible of these organizations are on record as favoring more effective regulations against reckless boat handling—much of which, their members feel, is the result of inexperience and ignorance, rather than of law defiance. Coast Guard spokesmen say that the Bonner bill would fill a serious vacuum in boating legislation.

Yet Representative BARDEN saw fit to torpedo the bill in the interest of what he understands the boatmen in his district to want. He acted with appalling provincialism.

GENERAL LEAVE TO EXTEND ON PUBLIC WORKS APPROPRIATION BILL

Mr. JENSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 days within which to extend their remarks on the public works appropriation bill which passed the House today.

Mr. SPEAKER. Is there objection to the request of the gentleman from Iowa? There was no objection.

PERSONAL ANNOUNCEMENTS

Mr. JUDD. Mr. Speaker, on rollcall 103 I was unavoidably detained on important business. I want the RECORD to show that had I been present I would have voted "aye" on the public works appropriation bill.

Mr. SCHWENGEL. Mr. Speaker, on rollcall 104 I was absent taking care of important business for a constituent. I would like the RECORD to show that had I been present I would have voted "yes."

(Mr. BROWNSON (at the request of Mr. SILER) was given permission to extend his remarks at this point in the RECORD.)

Mr. BROWNSON. Mr. Speaker, late last Thursday afternoon I was forced to leave by plane for Indianapolis about 5 minutes before the two rollcalls on the President's Defense Department reorganization bill. I voted on all three amendments during the Committee of the Whole House on the State of the Union. On the teller vote and on the voice votes and votes by division, I voted in favor of the proposals made by the President. Had I not been forced to leave to attend the graduation of my oldest daughter, Nancy, that night in Indianapolis, I would have continued my support of the President's recommendations by voting for the motion to recommit, and, when that failed, I would have voted in favor of final passage.

CORRECTION OF ROLL CALL

Mr. DIXON. Mr. Speaker, on rollcall 103 I am not recorded. I was here and voted "yea." I ask unanimous consent

that the permanent RECORD and Journal may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Utah? There was no objection.

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Managers on the part of the House may have until midnight tomorrow, Friday night, to file a conference report on the bill (H. R. 12181 to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CENTENNIAL OF BUCHANAN COUNTY, VA.

(Mr. JENNINGS (at the request of Mr. McCORMACK) was given permission to extend his remarks at this point in the RECORD.)

Mr. JENNINGS. Mr. Speaker, a celebration of considerable significance is taking place this week in one of the counties of my Ninth Congressional District.

Buchanan County, located in the northwestern part of the district, and joining Kentucky and West Virginia, is officially observing its 100th anniversary as a county of the Commonwealth of Virginia. A week-long series of events is now underway to commemorate this occasion.

I desire to bring this celebration to the attention of the Congress. And, on behalf of the people of Buchanan County, invite each Member to visit the county during this centennial year. A cordial welcome will await any visitor, and I am sure the famous hospitality of Buchanan and Virginia will be found in abundance.

Buchanan County was formed from the adjoining counties of Russell and Tazewell. The Legislature of Virginia acted on February 13, 1858, to make it a county of the Commonwealth. Prior to this legislative action, the people of the county were making great progress toward eventual recognition as a separate political entity; following the approval of the legislature, this progress has continued through these 100 years being celebrated this week. And, knowing the industrious people of Buchanan, I am confident such activity will continue unabated through the centuries.

The county was named for James Buchanan, of Pennsylvania, who was President of the United States when the county was formed. The county seat, Grundy, was named for Felix Grundy, a close associate of President Andrew Jackson.

The first settlers in Buchanan found a beautiful, mountainous region with a magnificent growth of hardwood timber. These first settlers engaged in farming, grazing, and lumbering. Buchanan hardwood was floated out on the streams to nearby markets and lumbering was of primary importance for many years.

A great transformation occurred in Buchanan with the coming of the rail-

roads in the 1930's and the opening of the county's extensive coal deposits. Today, coal mining is the primary source of employment and is the basis of the county's economy. Buchanan is Virginia's leading coal-producing county.

A festive atmosphere exists in Grundy and throughout the county this week as the centennial celebration is conducted. Preparations for this long-awaited event have been made by a centennial commission; men, women, and children are taking part; and an influx of visitors is expected.

It is significant, and illustrative of the county's deep concern for the enhancement of the meaningful things in life, that the celebration opened with an interdenominational religious service last Sunday.

A historical pageant, Gem of the Cumberlands, is being presented each evening. This spectacle traces the county's 100 years of history since February 13, 1858. There have been parades, fireworks, and contests. On Saturday, centennial balls will be held at two different locations in the county.

A special event yesterday—Labor and Industry Day—was a coal-loading contest. This contest and the displays of mining equipment point up Buchanan's dependence on the coal industry, which is expanding.

Yes, Mr. Speaker, Buchanan County is celebrating 100 years of progress this week. There is pageantry and jubilation. But underlying these things are visions and plans for the coming years. These citizens are not content to rest on accomplishments of the past; they are aiming for the future. They intend to maintain their rightful place as one of Virginia's leading counties. They will continue to take pride in being hard-working, loyal and responsible American citizens.

Mr. Speaker, it is a real pleasure to bring this 100th anniversary celebration to the attention of my colleagues. I am proud to represent the people of Buchanan County in the Congress.

MINIMUM HOURLY WAGE IN GOVERNMENT EMPLOYMENT

(Mr. ROOSEVELT asked and was given permission to extend his remarks at this point in the Record.)

Mr. ROOSEVELT. Mr. Speaker, there is a basic need for legislation requiring the Federal Government as an employer to conform to the \$1 minimum hourly rate now in effect in private industry.

It is amazing to learn that there are certain Federal Government workers who are paid less than the \$1 minimum wage. Because of this low wage standard, many employees in Federal laundries have not received wage adjustments for 4 and 5 years.

When the 83d Congress approved Public Law 763, it provided that many Federal employees working in laundries be removed from coverage of the Classification Act, which fixes the salaries of most Federal white-collar employees. These workers, employed for the most part in the Veterans' Administration and Public Health Service, were transferred to the wage board system. Un-

der this program, the wages of these individuals are determined on a prevailing rate basis.

In taking this action, most of the agencies recognized their responsibility to conform to the \$1 minimum wage, even though the Federal Government as an employer is excluded from Fair Labor Standards Act coverage.

However, prior to the transfer noted above, thousands of laundry workers had been paid under the wage system for many years. These employees worked in the Army, Navy, and Air Force laundries.

Some years ago, the Navy Department decided it also would pay a \$1 minimum hourly rate in keeping with the general policy of the executive branch for private industry workers.

Hence, the Army and Air Force are the only agencies, to my knowledge, which have not established the \$1 floor for their wage board employees.

This matter has been the subject of correspondence and discussions between employee group representatives and Army-Air Force Wage Board officials during the past several years.

In February 1956, I am informed, the Secretary of Labor was asked by the employees to intervene with the Army-Air Force Board to secure adoption of the \$1 minimum wage. Although the Department of Labor conferred with Army-Air Force officials about the matter, the Wage Board failed to accept the \$1 hourly rate.

The Board maintained that the prevailing-rate principle requires it to pay the median rate for similar occupations in private laundries in the surrounding locality. It asserted that where individual States have enacted minimum wage legislation, the Board will accept that figure as a floor in the laundries of the two military agencies. Since few, if any, States have the \$1 minimum rate, this decision does not alleviate the situation of Federal laundry workers in any way.

Listed below are a few typical instances where Army and Air Force laundry employees are receiving less than the \$1 minimum provided in the Fair Labor Standards Act.

Fort Benning, Columbus, Ga.: All employees in wage board grades 1 through 5 receive less than the \$1 rate. Some employees in grades 6, 7, 8, and 9 are paid hourly rates below the figure prescribed by the act.

Maxwell Air Force Base, Montgomery, Ala.: All employees in wage board grades 1 through 7 receive less than the \$1 rate. Some in grades 8 and 9 are paid less than \$1.

Sheppard Air Force Base, Wichita Falls, Tex.: All employees in wage board grades 1 through 5 receive less than the \$1 rate. Some workers in grades 6 and 7 are paid less than \$1 per hour.

It is incomprehensible to me that the Federal Government as an employer should refuse to accept the intent of Congress in establishing minimum rates of hourly pay for workers generally. The Army and Air Force are the only Federal agencies which have failed to see the desirability of the principle.

Furthermore, Congress has heard on more than one occasion statements by high officials of the executive branch that the Federal Government as an employer should provide benefits for its employees consistent with the best practices in private industry and should adopt the role of a model employer.

In view of the failure of the agencies involved to take administrative action to eliminate this obvious inequity, the only remaining course of action is consideration of the matter by Congress. The bill rectifying this situation is attached.

It provides simply that all Federal and District of Columbia Government agencies shall observe the hourly minimum rate fixed by the Fair Labor Standards Act, and prohibits any agency from employing individuals whose conditions of employment would be deemed "oppressive child labor" as defined elsewhere in the act.

EXECUTION OF HUNGARIAN PATRIOTS

The SPEAKER. Under the previous order of the House the gentleman from Michigan [Mr. BENTLEY] is recognized for 10 minutes.

(Mr. BENTLEY asked and was given permission to revise and extend his remarks and to include at the conclusion thereof certain newspaper articles.)

Mr. BENTLEY. Mr. Speaker, I want to commend the House for the passage of the Carnahan resolution regarding the execution of certain Hungarian leaders. In this connection I intend to address my remarks further.

Mr. Speaker, within the last few days, the announcement has come, first from Moscow and then from Budapest, of the secret execution of several leaders of the ill-fated Hungarian uprising of 1956. Those executed were former Prime Minister Imre Nagy, Gen. Pal Maleter, military hero of the revolt, and two journalists, Miklos Gimes, and Jozsef Szilagyi. The time and place of the executions were not given in the Communist announcements.

This is a shocking and tragic piece of news. What makes it even more so is the fact that the two best-known figures, Nagy and Maleter, were treacherously arrested by the Soviet troops after the most solemn pledge for their safety had been given and received.

Let me recall these two acts of betrayal. When the Hungarian revolt was crushed by Soviet military might, Imre Nagy sought sanctuary in the Yugoslav Legation in Budapest, exactly as Cardinal Mindszenty sought safety in our Legation and where he still resides. On November 22, 18 days after the end of the uprising, Russian soldiers seized Nagy as he was leaving his sanctuary with a pledge of safe conduct from both the Communist Hungarian Government and the Russian military. It is small wonder today that Marshal Tito utters angry charges of betrayal against both Moscow and Budapest. If anything was needed to let Tito know how perilous it is to put faith in Communist pledges, this example should be enough.

General Maleter's betrayal was perhaps even more dastardly. At the invitation

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House received President's appropriation request to cover increased pay costs. Senate passed bills to: Fix price support on extra-long staple cotton at 60 to 75% of parity. Extend Defense Production Act. Extend special livestock loan authority. Reduce allotments for 2d crop of tobacco grown on allotment in 1 yr. Allow interchange of inspection services by executive agencies. Sen. Max Baucus urged a self-help direct payments plan to aid dairy farmers. (Con't on p.5)

HOUSE

1. APPROPRIATIONS. Received from the President a proposed indefinite appropriation and draft of proposed provisions pertaining to increased pay costs for the fiscal year 1958 (H. Doc. 409); to Appropriations Committee. p. 10844
The Appropriations Committee reported on June 19, without amendment H. R. 13066, the legislative branch appropriation bill for 1959 (H. Rept. 1940). p. 10845
2. FOREIGN AID. Received the conference report on H. R. 12181, the mutual security authorization bill (H. Rept. 1941). The conferees agreed to an authorization of \$3,031,400,000; to provide that the U. S. contribution to the U. N. technical assistance and related programs for 1959 may not exceed 40 percent of the total amount contributed to the programs; to authorize a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, and to make recommendation to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy; and to authorize the use of

Public Law 480 currencies to collect, collate, translate, abstract, and disseminate scientific and technological information, and to conduct and support scientific cooperation between the U. S. and other countries, including coordinated research against disease. With regard to the use of these Public Law 480 funds the conference report states that "the provision does not in itself make funds available to any agency of the United States. It authorizes the use of Public Law 480 currencies for the purposes stated but leaves to the President the question as to which executive agency will administer the program." pp. 10835-844

Rep. Moulder spoke in opposition to extending the mutual security program. p. 10833

Received from the State Department a letter relative to the establishment of a loan not to exceed \$12 million from the Development Loan Fund for Greece. p. 10844

3. TRANSPORTATION. The Merchant Marine and Fisheries Committee ordered reported H. R. 12751, to extend the provisions of the Shipping Act of 1916 relating to dual rate contract arrangements. p. D580

Several Representatives urged adoption of a Senate amendment to H. R. 12695, the excise-tax rate extension bill, which would repeal the tax on transportation. pp. 10814, 10820, 10828, 10830-31

4. PROPERTY. A subcommittee of the Government Operations Committee ordered reported H. R. 12165, to extend for 2 years the period for which payments in lieu of taxes may be made on certain real property transferred by RFC to other Government agencies. p. D579

5. CHEESE. Rep. Reuss criticized certain purchase-sale transactions in cheese and butter by CCC as being "illegal paper transactions," and inserted his letter to the Secretary and other material on the matter. pp. 10833-35

6. ATOMIC ENERGY. Both Houses received from the President for approval an international agreement between the U. S. and the European Atomic Energy Community for mutual cooperation in the peaceful application of atomic energy (H. Doc. 411). pp. 10813-814, 10747

7. WATERSHEDS. Received and referred to the Appropriations Committee a letter from the Agriculture Committee approving works of improvement for the Antelope Creek Watershed, Nebr., the Bear, Fail, and Coon Creeks Watersheds, Okla., and the Aude Creek Watershed, Tex. p. 10811

8. TAXATION. Conferees were appointed on H. R. 12695, to extend for 1 year the corporate normal-tax rate and certain excise-tax rates, and to repeal the taxes on transportation. Senate conferees were appointed June 20. p. 10813

9. ELECTRIFICATION. Received from the Federal Power Commission two new publications, "Electric Power Requirements and Supply of the United States, by Regions, Present and Future to 1958," and "Hydroelectric Plant Construction Cost and Annual Production Expenses, 1953-56." p. 10845

SENATE

10. DAIRY PROGRAM. Sen. Proxmire urged support for a direct payment self-help dairy stabilization program such as that included in the House omnibus farm bill, and criticized the present dairy situation. He inserted statistics on dairy prices and testimony presented before the Senate Agriculture and Forestry Committee. pp. 10784-6

MUTUAL SECURITY ACT OF 1958

JUNE 20, 1958.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 12181]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1958"*.

SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: "This Act is divided into chapters and titles, according to the following table of contents:

"TABLE OF CONTENTS

"CHAPTER I—MILITARY ASSISTANCE

"CHAPTER II—ECONOMIC ASSISTANCE

"Title I—Defense Support

"Title II—Development Loan Fund

"Title III—Technical Cooperation

"Title IV—Special Assistance and Other Programs

"CHAPTER III—CONTINGENCY FUND

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended

by striking out "1958" and "\$1,600,000,000" and inserting in lieu thereof "1959" and "\$1,605,000,000", respectively.

PROCUREMENT PROGRAMS RELATING TO MILITARY ASSISTANCE

SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, is amended by inserting immediately before the period at the end thereof the following: ", including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area".

POLICY ON MILITARY ASSISTANCE TO AMERICAN REPUBLICS

SEC. 103. Paragraph (4) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to military assistance to American Republics, is amended by adding the following sentences at the end thereof: "The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics."

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1958" and "\$750,000,000" and inserting in lieu thereof "1959" and "\$810,000,000", respectively.

UTILIZATION OF FUNDS IN SPECIAL ACCOUNTS

SEC. 202. Paragraph (iii) of subsection (b) of section 142 of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: ": Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: Provided further, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000".

DEVELOPMENT LOAN FUND

SEC. 203. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and

supervision of the President, a body corporate to be known as the 'Development Loan Fund' (hereinafter referred to in this title as the 'Fund') which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate."

(2) In subsection (b), strike out all preceding "is hereby" in the first sentence and substitute "The Fund"; strike out "he" in the first sentence and substitute "it"; strike out "and (3)" in the first sentence and substitute "(3)"; insert before the period at the end of the first sentence ", and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved"; strike out "from" in the second sentence and substitute "by"; insert after the third sentence "The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund."; and strike out the last two sentences and substitute the following new sentence: "The President's semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title."

(b) Amend section 204, which relates to fiscal provisions, as follows:

(1) In subsection (b), substitute "Fund" for "President" in the first sentence and strike out "against the Fund" in that sentence; change "authorized" to "made available" in the second sentence; and insert "assets of the" before "Fund" in the third sentence.

(2) Strike out subsection (c) and substitute the following:

"(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended."

(c) Amend section 205, which relates to powers and authorities, as follows:

(1) Insert "MANAGEMENT," before "POWERS" in the heading of the section.

(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the 'Board') consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal

bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

“(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.”

(3) In subsection (c):

(i) Strike out all in the first sentence preceding “: enter into” and substitute “The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may”;

(ii) Strike out “may be deemed” in the first clause of the first sentence and substitute “it may deem”;

(iii) Strike out “under this title” in the fourth clause of the first sentence and substitute “of the Fund”;

(iv) Strike out “the Manager of” in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

(v) Insert after the seventh clause of the first sentence, following “collection;”, the following: “adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government;”;

(vi) Strike out all following “operation” in the last clause of the first sentence and substitute “, or in carrying out any function.”.

(vii) Insert the following new sentence after the first sentence of the subsection: "Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress."

(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act."

TECHNICAL COOPERATION

SEC. 204. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$151,900,000" and insert in lieu thereof "\$150,000,000 for use beginning in the fiscal year 1959".

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Insert "AND RELATED PROGRAMS" after "COOPERATION" in the heading of the section; insert "and this Act" after "title" in the first sentence; and insert "and related" after "cooperation" in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out "\$15,500,000 for the fiscal year 1958" and substitute "\$20,000,000 for the fiscal year 1959"; insert "and such related fund as may hereafter be established" after "Assistance"; and in the proviso change "to this program" to "for such purpose" and after the word "contributed" the first time it appears, strike the remainder of the subsection and insert "for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year."

(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1958" and substitute "1959".

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is further amended as follows:

(a) In subsection (a) of section 400, which relates to special assistance, strike out "1958" and "\$250,000,000" in the first sentence and insert in lieu thereof "1959" and "\$202,500,000", respectively; and strike out all following "stability" in the first sentence and all of the last sentence and insert a period.

(b) In section 402, which relates to earmarking of funds, strike out "1958" in the first sentence and substitute "1959".

(c) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section:

"SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 400 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded."

(d) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out all following "fiscal year" and substitute "1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate."

(2) In subsection (d), strike out "1958" and "\$5,500,000" and substitute "1959" and "\$8,600,000", respectively.

(e) In section 406, which relates to children's welfare, strike out "1958" and substitute "1959".

(f) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: Provided, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees."

(g) In section 409 (c), which relates to ocean freight charges, strike out "1958" and "\$2,200,000" and substitute "1959" and "\$2,100,000", respectively.

(h) In section 410, which relates to Control Act expenses, strike out "1958" in the first sentence and substitute "1959".

(i) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1958" and "\$32,750,000" and substitute "1959" and "\$33,000,000", respectively; and insert "and title II of chapter II" immediately before the close of the first parentheses;

(2) In subsection (c), insert "functions of the Department under this Act or for" before "normal".

(j) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out "the agency primarily" and substitute "an agency"; insert immediately before the semicolon at the end of subparagraph (E) the following proviso: "Provided, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced"; and insert after "Director of the International Cooperation Administration" both times it appears in subparagraph (F) "or such other officer as the President may designate".

(2) Insert the following new subsection:

"(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States."

(k) At the end of section 414 (b), which relates to munitions control, add the following: "Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to

similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture."

(l) *In section 419 (a), which relates to atoms for peace, strike out "1958" and "\$7,000,000" in the second sentence and substitute "1959" and "\$5,500,000", respectively.*

(m) *In section 420, which relates to malaria eradication, insert after the word "authorized" in the second sentence "to use funds made available under this Act (other than chapter I and title II of chapter II)"; insert immediately before the period at the end of the second sentence the following proviso: "": Provided, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II"; and strike out the last sentence.*

CHAPTER III—CONTINGENCY FUND

PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND

SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (12) (B) of section 501 of this Act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

(a) *Insert "AND CONTINGENCY FUND" after "AUTHORITY" in the heading of this section.*

(b) *Subsection (a) is amended as follows:*

(1) *In the first sentence, insert "for use" after "made available"; strike out "such use by section 400 (a) of this Act" and substitute "use under this subsection by subsection (b) of this section"; strike out "pursuant to authorizations contained in" and substitute "for use under"; and*

(2) *In the second and last sentence strike out "section" both times it appears and substitute "subsection".*

(c) *Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):*

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$155,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section."

(d) *In the last sentence of subsection (c), insert "subsection (a) of" after "under".*

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

GENERAL PROVISIONS

SEC. 401. The chapter designated by paragraph (16) of section 501 of this Act as chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is further amended as follows:

(a) *Section 502, which relates to use of foreign currencies by committees of the Congress, is amended by striking out the proviso in subsection (b) and inserting the following: "": Provided, That each member or employee*

of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate."

(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: "Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended)."

(c) Section 510, which relates to purchase of commodities, is amended by striking out "title II or" in the first sentence.

(d) Add the following new sections immediately after section 515:

"SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: Provided, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

"SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 400 (a)—

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably

be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans."

(e) Amend section 527, which relates to the employment of personnel, by adding the following new subsection, such amendment to take effect nine months after the date of enactment of this Act:

"(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions."

(f) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out "for the fiscal year 1958"; in subsection (c), strike out "Not to exceed \$18,000,000" and substitute "Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000", and add the following new clause before the period: ", and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere"; and add the following new subsection:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs."

(g) Amend section 543 (d), which relates to saving provisions, by striking out "Act of 1956 or the Mutual Security Act of 1957" and substituting "Act of 1956, 1957, or 1958" in the first sentence and by inserting the following new sentence after the second sentence: "Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958."

(h) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended).

(i) Amend section 545, which relates to definitions, as follows:

(1) In subsection (j), insert "the Development Loan Fund and" after "refer to" and strike out "title II,".

(2) In subsection (k), insert "the Board of Directors of the Development Loan Fund and" after "refer to" and strike out "title II,".

CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954; AMENDMENTS; AND WESTERN HEMI-SPHERE COOPERATION

REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

(1) *Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:*

"CHAPTER I—MILITARY ASSISTANCE"

(2) *Immediately above section 131, strike out the chapter heading and insert in lieu thereof the following:*

"CHAPTER II—ECONOMIC ASSISTANCE"

"TITLE I—DEFENSE SUPPORT"

(3) *In section 131 (a), strike out "chapter 1 of this title" and insert in lieu thereof "chapter I".*

(4) *In section 131 (d), immediately after "title", insert "or chapter I".*

(5) *Immediately above section 141, strike out the chapter heading.*

(6) *In section 141, immediately after "title" both times it appears insert "or chapter I".*

(7) (A) *In section 142 (a), strike out "chapter 1 of this title" each place it appears and insert "chapter I".*

(B) *In such section 142 (a), strike out "under this title" and "purposes of this title" each place they appear and insert "under chapter I or under this title", and "purposes of chapter I or of this title", respectively.*

(8) *Section 142 (b) is amended by striking out "chapter 3 of title I of this Act" and inserting in lieu thereof "this title".*

(9) *Section 144 is amended by inserting immediately after "under this title" the following: "or chapter I".*

(10) *Section 202 (b) is amended by striking out "401 (a)" and inserting in lieu thereof "451 (a)".*

(11) *Amend the heading of title IV to read as follows:*

"TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS"

(12) (A) *Immediately after section 420, insert the following new chapter heading:*

"CHAPTER III—CONTINGENCY FUND"

(B) *Section 401 is redesignated as section 451 of chapter III.*

(13) *Section 405 (d) is amended by striking out "401" and inserting in lieu thereof "451".*

(14) *Section 410 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".*

(15) *Section 411 (b) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".*

(16) *Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:*

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

(17) *Section 503 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".*

(18) (A) *Section 504 (a) is amended by striking out "titles II, III, and IV, and chapter 3 of title I," and inserting in lieu thereof "chapter II".*

(B) Section 504 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(19) (A) The first sentence of section 510 is amended by striking out "chapter 3 of title I" and inserting in lieu thereof "title I of chapter II".

(B) The third sentence of section 510 is amended by striking out "title II or chapter 3 of title I" and inserting in lieu thereof "title I or II of chapter II".

(20) Section 511 (a) is amended by striking out "title I" and inserting in lieu thereof "chapter I or title I of chapter II".

(21) Section 511 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(22) Section 513 is amended by striking out "401" and inserting in lieu thereof "451".

(23) Immediately above section 521, strike out the chapter heading.

(24) In section 521 (b), insert "of chapter II" immediately after "title III".

(25) In section 521 (c), strike out "chapter 3 of title I" and insert in lieu thereof "title I of chapter II".

(26) Sections 522 (c) and 522 (d) are each amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(27) Section 523 (c) (2) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(28) Section 524 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(30) Immediately above section 541, strike out the chapter heading.

(31) Section 545 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(32) Section 545 (h) is amended by striking out "chapter 1 of title I" each place it appears and inserting in lieu thereof "chapter I".

(33) Sections 545 (j) and 545 (k) are each amended by striking out "chapter 3 of", and by inserting "of chapter II or under chapter III" immediately after "title IV".

(34) Section 549 is amended by inserting "of chapter II" immediately after "title III".

AMENDMENTS TO OTHER LAWS

SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

(1) In subsection (a) of the first section, insert the following new subparagraph after subparagraph (4):

"(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract)

(A) shall, before commencing performance of such contract, provide

for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;”.

(2) In subsection (e) of such section, strike “(3) or (4)” in the last sentence and substitute therefor “(3), (4), or (5)”.

(3) In subsection (f) of such section, insert “or in any work under subparagraph (5) subsection (a) of this section” between “this section” and “shall not apply”.

(b) In the first section of the Act of June 28, 1935, as amended (49 Stat. 425), strike out “\$30,000” and insert “\$33,000”, and strike out “\$15,000” the first time it appears and insert “\$18,000”.

(c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert “Development Loan Fund;” before “Institute of Inter-American Affairs”.

(d) In section 2 of the Act of July 11, 1956 (70 Stat. 523), strike out all beginning with “An” down through “Conference and” and substitute “There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and”.

(e) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287g) is amended by the addition of the following sentences at the end thereof: “The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: Provided, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.”

(f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes “as apportioned” is amended to read as follows: “(a) such sums as may be necessary for the payment by the United States of its share of the

expenses of the Organization, but not to exceed 25 per centum of such expenses”.

(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): “or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): Provided, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.”

(h) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words “in the Department” wherever they appear therein and by adding at the end thereof the following new sentences: “Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.”

(i) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

“(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

“(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

“(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be

unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts."

(j) The Act of May 26, 1949, as amended (5 U. S. C. 151a-151c), relating to the organization of the Department of State, is amended as follows:

(1) In the first section, strike out "three" and insert "two".

(2) In section 2, designate the present language as "(a)" and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the 'Deputy Under Secretary of State for Economic Affairs' or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs."

(k) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect nine months after the date of enactment of this Act:

"(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

(l) Section 104 of the Agricultural Trade Development Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe."

(m) The Act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts

among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

COOPERATION IN WESTERN HEMISPHERE

SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.

And the Senate agree to the same

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,

Managers on the Part of the House.

THEODORE FRANCIS GREEN,
J. W. FULBRIGHT,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The committee of conference agreed upon an authorization of \$3,031,400,000, a reduction of \$266,500,000 from the executive branch authorization request.

The House bill authorized an appropriation of \$2,958,900,000. The Senate amendment authorized an appropriation of \$3,103,900,000 exclusive of the limitation of \$2.4 billion on military assistance and defense support contained in section 13 of the amendment. When the ceiling in section 13 of the Senate amendment was applied, the difference between the 2 Houses was \$110 million. On the basis of the individual authorizations and without regard to this ceiling, the difference between the 2 Houses was \$145 million.

The amount authorized by the committee of conference for military assistance was \$1,605 million and \$810 million for defense support. The sum of these two authorizations equaled the sum as they passed the House, although military assistance was reduced \$35 million and defense support was increased \$35 million. The Senate also receded from section 13 of its amendment which placed an overall ceiling of \$2.4 billion on the total authorization for military assistance and defense support and also authorized a Presidential transfer of not more than \$235 million between these 2 items.

The committee of conference agreed to \$202.5 million for special assistance, a reduction of \$9.5 million from the Senate figure. The Senate approved amount for the contingency fund was reduced from \$200 million to \$155 million. The Senate accepted the House figure of \$33 million for ICA administrative expenses. The net result of these adjustments was to divide equally the difference of \$145 million between the two Houses. Thus the Senate figure was reduced by \$72.5 million and the House figure increased by an identical amount.

Mutual security program for fiscal year 1959

[In thousands]

	Adminis- tration au- thorization request	House amounts	Senate amend- ment	Difference between House and Senate	Committee of con- ference
Sec. 103 (a). Military assistance.....	\$1,800,000	\$1,640,000	\$1,600,000	-\$40,000	\$1,605,000
Sec. 131 (b). Defense support.....	835,000	775,000	835,000	+60,000	810,000
Sec. 203. Development loan fund.....					
Sec. 304. Bilateral technical cooperation.....	142,000	150,000	150,000		150,000
Sec. 306 (a). United Nations technical as- sistance programs.....	20,000	20,000	20,000		20,000
Sec. 306 (b). OAS technical cooperation.....	1,500	1,500	1,500		1,500
Sec. 400 (a). Special assistance.....	212,000	185,000	212,000	+27,000	202,500
Sec. 451 (b). ² Contingency fund.....	200,000	100,000	200,000	+100,000	155,000
Sec. 405 (a). Intergovernmental Commit- tee for European Migration.....					
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200	1,200	1,200		1,200
Sec. 405 (d). Escapees.....	8,600	8,600	8,600		8,600
Sec. 406. U. N. Children's Fund.....	11,000	11,000	11,000		11,000
Sec. 407. Palestine refugees.....	25,000	25,000	25,000		25,000
Sec. 408. NATO civilian expenses.....					
Sec. 409 (c). Ocean freight.....	2,100	2,100	2,100		2,100
Sec. 410. Control Act expenses.....	1,000	1,000	1,000		1,000
Sec. 411 (b). ICA administrative expenses.....	33,000	33,000	31,000	-2,000	33,000
Sec. 411 (c). State administrative expenses.....					
Sec. 419 (a). Atoms for Peace.....	5,500	5,500	5,500		5,500
Total.....	3,297,900	2,958,900	3,103,900	+145,000	3,031,400

¹ Although the Senate amendment included \$1.6 billion for military assistance and \$835 million for defense support, a total of \$2,435 million, section 13 of the amendment limited the total authorization of these 2 items to \$2.4 billion. This section also authorized the Presidential transfer of \$235 million between military assistance and defense support in order to allow the President to apportion the reduction set by the ceiling.

² Formerly sec. 401 (b).

REORGANIZATION OF THE ACT (SEC. 501)

The House bill changed the title headings of the Mutual Security Act in order to place military assistance in a separate chapter and defense support under the economic chapter. These changes were intended to make clear that defense support although necessary for military needs was nevertheless economic assistance. Special assistance and the contingency fund were put into a new chapter because it was believed that each could include both military and economic assistance. The Senate amendment contained no similar provision.

The committee of conference accepted the House reorganization of the Mutual Security Act with an amendment. The amended version removes special assistance from the same chapter as the contingency fund and puts the former into the chapter headed "Economic Assistance." This latter change conforms to the executive branch definition that special assistance is now regarded as economic assistance necessary to achieve political, economic, or other objectives in countries where no assistance is provided in support of significant military forces, or in situations where the assistance cannot be appropriately rendered as technical assistance or from the Development Loan Fund. The contingency fund, unlike special assistance, may be used for both military and nonmilitary assistance.

AID TO INDIA

The Senate amendment added subsection (d) to section 2 of the Mutual Security Act, stating the sense of the Congress that it is in the interest of the United States to join with other nations in provid-

ing support to assist India to complete its current program for economic development.

The House bill contained no provision on this subject.

It was the view of the House conferees that since the concepts embodied in the India amendment were expressed in various sections of the Mutual Security Act it was unnecessary to make specific reference to a particular country in relation to policies already expressed in law in general terms.

MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 103)

The Senate version contained an amendment to section 105 (b) (4) requiring the President to review findings made under that section annually and to make a determination each year as to whether military assistance is necessary. Furthermore, it laid down the policy that internal security requirements should not normally be the basis for military assistance in Latin America.

The House bill contained no similar amendment.

Under the existing section 105 (b) (4) military assistance may be furnished to Latin American nations only in accordance with defense plans found by the President to require those nations to participate in missions important to the defense of the Hemisphere.

Since the amendment is in conformity with existing section 105 (b) (4) and reflects the policy expressed in that section, the managers on the part of the House agreed to the retention of the Senate language. In their opinion the amendment does not represent a change in policy except with respect to requiring an annual review by the President. Recent events tend to indicate the necessity for a restatement of the United States policy that military assistance to Latin America shall be furnished for internal security requirements only under extraordinary circumstances.

USE OF SURPLUS COUNTERPART FUNDS (SEC. 202)

The Senate version added two provisos to section 142 (b) (iii). The first proviso permitted a recipient nation to utilize those counterpart funds which are excess to United States requirements and exceed the requirements for purposes for which new funds authorized by the Mutual Security Act would be available for other purposes. Such uses would have to be agreed to by the United States and be consistent with United States foreign policy. The second proviso required that any proposed utilization of such excess amounts should be reported to the 4 appropriate congressional committees, and that such utilization should not be effective until 60 days after such reporting.

The House bill contained no provision on this subject.

The Senate amendment was proposed specifically to make it possible for the Austrian Government to make a loan to the Austrian Hilfsfond for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The executive branch had previously determined that such use of Austrian counterpart was not permitted. Present law authorizes the use of counterpart (aside from that counterpart earmarked for United States requirements) only to carry out purposes for which new funds authorized by the Mutual Security Act would

themselves be available. Since compensation to victims of Nazi persecution was not a purpose for which new funds authorized by the Mutual Security Act would be available, additional legislation was regarded necessary to permit the use of Austrian counterpart for this purpose.

The managers on the part of the House recognized the desirability of the proposed use of excess counterpart funds for this purpose. They regarded the granting of such broad authority over the use of excess counterpart as contained in the Senate amendment to be undesirable. They therefore accepted compromise language limiting the utilization of excess counterpart to the equivalent of \$4 million, the amount estimated to be expended in carrying out the program for Austria. Proposals for further utilization of excess counterpart will require approval by the Congress.

ASSISTANCE TO YUGOSLAVIA

The House bill contained an amendment to section 143 with reference to assistance to Yugoslavia prohibiting the furnishing of any assistance to Yugoslavia after 90 days unless the President had determined that (1) there has been no change in the fundamental policies on which aid to Yugoslavia is based; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) it is in the interest of national security to continue aid. The President would have been required to keep Congress continually informed of determinations under this section and of assistance to Yugoslavia. The Senate version contained no amendment to section 143.

Section 143 of the present law is substantially similar to the House provision. Section 143 requires the President to assure himself continually that (1) Yugoslavia continues to maintain its independence; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) the furnishing of assistance is in the national security interest. Under this provision the President must keep the Congress informed of assistance to Yugoslavia.

The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

STATE DEPARTMENT ORGANIZATION (SEC. 502 (j))

The Senate amendment provided for the creation of an Under Secretary of State for Economic Affairs in the Department of State and for the abolition of the Deputy Under Secretary of State for Economic Affairs.

The House bill contained no similar provision.

The committee of conference accepted the Senate language.

Although the activities of ICA are under the authority of the Department of State, the Director of ICA presently outranks the Deputy Under Secretary of State for Economic Affairs. The effect of the Senate provision is to upgrade the position of the principal economic officer in the Department of State so that he will be senior to the Director of ICA. The new position will give further emphasis

to congressional insistence that the mutual security program is an integral part of United States foreign policy and, as such, is under the immediate direction of the Department of State.

The Senate language also provides that the present Deputy Under Secretary of State for Economic Affairs, Hon. C. Douglas Dillon, may be appointed to the new office without further advice and consent of the Senate.

The Under Secretary of State will continue to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of \$22,000 per annum, while that of the Under Secretary of State is fixed at \$22,500. This difference in salary is intended to indicate clearly the subordinate position of the Under Secretary of State for Economic Affairs.

The Senate amendment also includes language that has the effect of changing the composition of the Board of Directors of the Development Loan Fund so that the new officer will replace the Deputy Under Secretary of State for Economic Affairs—a position that is abolished by the Senate amendment.

CONTRIBUTION TO UNITED NATIONS TECHNICAL ASSISTANCE PROGRAMS (SEC. 204 (b))

The House bill amended the proviso of section 306 (a) so as to provide that for the calendar year 1959 and thereafter the United States contribution to United Nations technical assistance and related programs may be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any given year.

The Senate amendment contained no provision on this subject, and left unchanged the present scale of United States contributions, which provides for 38 percent in fiscal year 1959 and 33½ percent in fiscal year 1960 and thereafter.

The committee of conference accepted the House language except for certain revisions intended to clarify the meaning of the House bill.

The managers on the part of the House were in agreement with the Senate conferees that it is desirable that other nations increase their contributions to the multilateral technical cooperation and related programs and that the United States should in due course reduce its percentage contribution.

CONTINUATION OF INTERNATIONAL DEVELOPMENT ADVISORY BOARD (IDAB)

The House bill contained a provision repealing section 308, relating to the International Development Advisory Board, but the Senate version did not repeal that section. The International Development Advisory Board, which by statute is composed of 13 members, has the duty of advising the President and the Director of the International Cooperation Administration on policy matters relating to technical cooperation, the Development Loan Fund, and the encouragement of private enterprise under the mutual security program.

The committee of conference agreed to the retention of section 308 providing authority for the continuation of the Board. Although there have been no Board members since last September, the executive

branch made a strong plea that the Board is necessary. The primary reasons for the delay in the reactivation of the IDAB were: (1) the resignation of the then Director of ICA last fall and the appointment of a new Director, and (2) the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board, particularly if the Development Loan Fund were incorporated.

The managers on the part of the House are firmly of the opinion that representatives of science should be included on the Board. It would also appear to be appropriate for the International Development Advisory Board to utilize advisory groups representing business, labor, agriculture, public health, science, and education.

PALESTINE REFUGEES (SEC. 205 (f))

The House bill authorized an appropriation of \$25 million for fiscal year 1959 for the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate amendment authorized an identical sum, but included a proviso that \$5 million of the funds appropriated for this purpose shall be used only for repatriation or resettlement of such refugees.

If the entire \$25 million were appropriated, the \$5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the \$5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of \$5 million for repatriation or resettlement.

The committee of conference agreed with the philosophy contained in the Senate proviso, namely, that the governments of the Near East take more vigorous steps to effect a solution of the refugee problem. It was recognized, however, that the critical situation in that area only makes more difficult the relocation of the refugees. Relief and rehabilitation are not only a continuing demand but are prerequisites to the success of any repatriation or resettlement program. The committee of conference is not satisfied that officials of the governments in the Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

OFFSHORE PROCUREMENT, PROTECTION OF THE UNITED STATES ECONOMY, AND STUDY OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205 (j) (2))

The House bill contained a provision entitled "Protection of the United States Economy," which would have required an annual review of operations under the program by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The purpose of the study would have been to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. Recommendations were called for.

The Senate amendment contained a section amending section 510 of the act, which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the

procurement did not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, outweighing the economic advantages to, and the national interests of, the United States of less costly procurement abroad.

The Senate version also contained a provision for a review by the Departments of State and Commerce, and other agencies of the Government, of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign policy efforts of the United States. Private enterprise would have been called upon to cooperate in the study. Recommendations would have been required from the reviewing group.

Some members of the committee of conference were strongly opposed to changes in the provisions before them. The following considerations influenced the judgment of the majority of the conferees: (1) The matters covered by the above provisions are closely inter-related; (2) over 50 percent of ICA financed procurement already takes place in the United States; and (3) the various reviews called for would be overlapping. Therefore a majority of the Senate and House members of the committee of conference agreed to eliminate the above three provisions and to substitute a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference emphasizes that the new provision envisages a study of the possible adverse effects upon the United States economy arising from operations under the mutual security program. It is contemplated that this study will be financed from the regular appropriations available to each agency participating.

MUNITIONS CONTROL (SEC. 205 (k))

The House bill contained a provision prohibiting the return to the United States, other than for the Armed Forces of the United States and its allies, of military arms or ammunition furnished to foreign governments by the United States under any foreign assistance programs of the United States.

The Senate version limited the items prohibited for import to military firearms, rather than arms or ammunition, manufactured in the United States and furnished to foreign governments under any foreign aid program. The Senate version further stipulated that it was to apply only to items imported for sale and regardless of whether the arms in question had been advanced in value in a foreign country. It also provided that the prohibition should not extend to firearms which had been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference adopted a compromise which prohibits the return to the United States for sale in the United States of any military firearms or ammunition of United States manufacture and furnished to foreign governments by the United States under the Mutual Security Act or any other foreign assistance program of the United States. The prohibition is not to apply to military firearms

or ammunition imported into the United States for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture. The foreign aid programs of the United States covered under this provision would include, among others, the lend-lease program, the Greek-Turkish assistance program, the mutual defense assistance program, and the mutual security program. The phrase "military firearms" was accepted because if the words "military arms" had been used, there was a possibility that such items as armored vehicles, spare parts for armored vehicles, and other similar items might have been included in the prohibition.

MALARIA ERADICATION (SEC. 205 (m))

The committee of conference accepted the House language, as rephrased, to make clear that the Development Loan Fund may, in accordance with the provisions of title II of chapter II, furnish assistance designed to aid the efforts of other peoples to eradicate malaria.

CONGRESSIONAL TRAVEL ACCOUNTING (SEC. 401 (a))

The House bill amended section 502 (b) to provide that local currency used by any congressional committee be charged against any amounts made available to such committee from the appropriate contingent funds, and that the use of such currency be subject to all the reporting and other requirements which apply to the expenditure of amounts made available from such contingent fund.

The Senate amendment amended section 502 (b) to require that each member or employee of any congressional committee make to the chairman of his committee an itemized listing of expenditures of foreign currency and that each committee submit a consolidated report showing the total itemized expenditures of the committee and of each member or employee thereof during the preceding calendar year to the House Administration Committee or the Senate Appropriations Committee. This report was required to be published in the Congressional Record.

The information available to the managers on the part of the House indicated that the provision contained in the House bill would require substantial modification and reorganization of the accounting procedures of the House of Representatives which would not be necessary in order to attain the objectives of an itemized accounting of foreign travel expenditures by individuals and of a public reporting of such expenditures. The House conferees, therefore, accepted the simpler language of the Senate amendment, since it appeared to attain the desired objectives. The committee of conference agreed, however, to eliminate from the Senate provision the requirement that the total itemized expenditures of each committee member or employee should be reported and published in the Congressional Record. Instead, language was accepted requiring that each member or employee of any congressional committee must report to the chairman of his committee an itemized listing of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the Committee on House Administration or the Committee on Appropriations of the

Senate and published in the Congressional Record. The provision takes effect on the date of enactment of the bill.

The committee of conference believes that foreign travel by Members of Congress should be encouraged and recognizes that the use of foreign currency funds derived from operations under the mutual security and agriculture trade development and assistance programs for this purpose in most instances makes such travel possible without cost to the United States taxpayer. Certain foreign currencies made available under these programs will not be usable in the foreseeable future by the United States for any other purpose.

The committee of conference was in agreement that congressional travel expenses should be fully accounted for and controlled and that the entire matter should be subject to further study not only by the Committees on Foreign Relations and Foreign Affairs, but by other interested committees of the Senate and the House. Such further study should include consideration of the accounting and control of congressional travel expenditures under authority other than that contained in the Mutual Security Act.

COMPLETION OF PLANS AND COST ESTIMATES (SEC. 401 (d))

The House bill added a new section 517 which prohibited the obligation of defense support, bilateral technical cooperation, and special assistance funds for projects requiring substantive technical or financial planning until necessary engineering, financial, and other plans had been completed and a reasonably firm estimate obtained of the cost to the United States of providing such assistance, and until a determination had been made that any necessary legislative action by the recipient country might reasonably be anticipated to be completed within 1 year. The new section also provided that funds obligated for assistance subject to the conditions of the section could only be used for the purpose for which originally obligated and would otherwise revert to the Treasury.

The committee of conference accepted the House provision with two modifications. The first limits the application of this section to obligations in excess of \$100,000. The second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and if not used, would revert to the Treasury. With this modification, such funds could be reused for other purposes as authorized by the Mutual Security Act.

In accepting these modifications, the managers on the part of the House recognized that the application of the provisions of this section to small transactions might seriously impede the operation of the program. They also were impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or the international situation might make abandonment of a project for which funds had been obligated desirable.

ACCEPTANCE OF BENEFITS FROM FOREIGN NATIONS AND DUAL COMPENSATION IN LATIN AMERICA (SEC. 401 (e) AND SEC. 502 (k))

The Senate amendment contained two provisions relating to the detail of personnel to foreign governments. The first amendment

prohibited any person performing functions under the Mutual Security Act from accepting any compensation or other benefits from a foreign nation. It further provided that cost-sharing arrangements could be made by the President with the nations to which personnel are detailed. The second provision amended section 712 of title 10 of the United States Code so that persons detailed under that section could not accept offices, compensation, or emoluments from the foreign government concerned. The House bill contained no similar provisions.

Under section 712 of title 10 of the United States Code the President is presently authorized to detail members of the armed services to certain Latin American Republics and to any other nation during time of war. Under that section, subject to the prior approval of the Secretary of the military department concerned, an officer so detailed may receive compensation or emoluments and may accept any office from the foreign government.

The House receded and accepted the Senate provision prohibiting any person who performs functions under the Mutual Security Act from receiving any compensation from any foreign government. The House receded with an amendment to the second provision, amending section 712 of title 10 of the United States Code. The House agreed to the Senate prohibition against a military officer detailed under the provisions of title 10, United States Code, section 712, accepting compensation or emoluments but with a compromise permitting such officers to continue to be authorized, subject to the prior approval of the Secretary of the department concerned, to accept offices from the foreign government to which detailed.

The committee of conference agreed that it is in the best interest of the United States to prohibit any employee or officer performing functions under the Mutual Security Act or any military officer detailed under title 10, United States Code, section 712, from receiving compensation directly from a foreign government. To allow such individuals to receive compensation raises the possibility of a conflict of interest or even of divided loyalties. The committee of conference, however, considered it unnecessary to prohibit an officer detailed under title 10, United States Code, section 712, from accepting an office from a foreign government. There may be instances where it is in the interest of the United States for a United States officer to accept an office from a foreign government. On such occasions, however, he would be paid by the United States. For example, there have been instances where a United States officer has been designated as commandant of a foreign military academy with a simulated rank in the foreign army. There may be other situations where a United States officer could serve in a dual capacity.

Provision is made for cost-sharing arrangements with the foreign government under the Mutual Security Act and title 10, United States Code, section 712. In order to facilitate such arrangements, the prohibition is not to be effective for 9 months following enactment of this act.

COMPUTATION OF LEVELS OF AID (SEC. 401 (f))

The House bill contained a provision to require the President to submit a report to the Congress before January 10 each year, detailing defense support and special assistance to be furnished for the next

fiscal year. The provision also required that such report contain a clear and detailed explanation of the method used in reaching the proposed levels of aid for each country, and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid.

The Senate amendment contained no provision on this subject.

The committee of conference adopted a compromise which eliminates the January 10 date and the requirement that a monetary value be assigned to each factor considered in determining the level of aid to a country. The substitute language requires that during the annual presentation to the Congress of requests for authorizations and appropriations under the Mutual Security Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted. The substitute requires that the significant factors considered in determining levels of aid be included in the detailed explanations submitted to the Congress.

MILITARY MATERIEL PRICING FORMULA

Although the Senate receded with respect to its amendment to section 545 (h) of the Mutual Security Act, relating to the valuation of equipment under the military assistance program, the House conferees agreed that the committees of the House and Senate should request a report from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h). Prior to 1956, non-excess-stock items were sold by the military services to the military assistance program at a cost representing the replacement value of a similar but more modern item. In that year section 545 (h) was amended to provide that such sales should be at the same price obtaining for similar transactions between the United States military services or, if there are no such transactions, then at the gross cost for the item concerned, reduced to take into consideration age and condition.

The executive branch has been slow in implementing this provision. All directives have not as yet been issued. One reason for this, of course, is that appropriations were requested in prior years on the basis of anticipated receipts, and an immediate reduction in receipts from the military assistance program would have substantially reduced the funds available to the military services.

The report from the executive branch should give a detailed accounting of operations under the 1956 pricing formula and should contain a comparison of prices charged under the prior formula with those charged under the existing formula.

PROHIBITION AGAINST UNJUSTIFIED PUBLIC WORKS

The House bill contained a provision that prohibited the use of mutual security funds for any flood control, river and harbor or water development project in a foreign country that did not meet the benefit-cost standards and economic feasibility requirements established for similar projects in the United States. The Senate amendment contained no provision on this subject.

The House receded from its position. The committee of conference endorsed the principles contained in the House language but recognized the difficulties involved in their mandatory application to projects carried out in the less developed countries.

INTERNATIONAL LABOR ORGANIZATION (ILO) CONTRIBUTION (SEC. 502 (f))

Section 2 (a) of the joint resolution of June 30, 1948, as amended, authorizes payment by the United States of its share of the expenses of the International Labor Organization (a specialized agency of the United Nations) as apportioned by the Organization in accordance with its constitution. The United States contribution has been limited to \$1,750,000 per annum, although the apportionment as determined by the ILO for the United States in recent years has been 25 percent of the ILO budget. As a consequence, the United States is in arrears in its payments. The House bill amended existing law so as to authorize an annual contribution of not to exceed 25 percent. The Senate bill contained a similar amendment but also a limitation of \$2 million per annum. The conferees were informed that the budget already approved for calendar year 1959 by the ILO governing body amounts to approximately \$8.4 million. Therefore, the United States assessment as apportioned under the ILO constitution would be approximately \$2.1 million, and the \$2 million ceiling would cause the United States to continue to be in arrears. Under these circumstances and since the ceiling on our contribution to the World Health Organization is also expressed as a percentage, the committee of conference accepted the House version.

FOREIGN SERVICE ACT AMENDMENT (SEC. 502 (h))

The Senate amendment included an amendment to the Foreign Service Act of 1946, as amended. The House bill contained no such provision. The committee of conference accepted the amendment included in the Senate version.

Section 571 (c) of the Foreign Service Act permits a Foreign Service officer to accept a position in the Department of State to which he is appointed by the President and is confirmed by the Senate without any loss of his Foreign Service status. Under this section, for example, a Foreign Service officer may be appointed an Assistant Secretary of State. The act makes no provision for a Foreign Service officer to accept a position elsewhere in the Government unless he resigns or retires from the Foreign Service.

The newly appointed Director of the United States Information Agency, Hon. George V. Allen, a Foreign Service officer with nearly 30 years' experience, had to retire from the Foreign Service to accept his new post. The Senate amendment broadens the single exception in the Foreign Service Act to permit a Foreign Service officer to retain his status within the Foreign Service when he is appointed by the President to any position requiring Senate confirmation. The Senate amendment also contains language that makes the change retroactive in order that Mr. Allen may be considered as if he had not retired from the Foreign Service to accept the position of Director of USIA.

INFORMATIONAL MEDIA GUARANTY (SEC. 502 (i))

The Senate amendment contained language that amended section 1011 of the United States Information and Educational Exchange Act of 1948. The House bill did not contain such a provision, although the House Committee on Foreign Affairs had held hearings on this subject and was contemplating action on it this session. The House conferees therefore receded and concurred in the Senate amendment.

The Senate amendment makes possible the continued financing of the Informational Media Guaranty (IMG) program through replenishment of its capital fund. The capital fund which consists of an authority to borrow from the Treasury up to \$28 million is nearly depleted.

The purpose of the program is to encourage the sale of American books, periodicals, films, and other informational material in countries where dollars are lacking by guaranteeing to the American distributor the convertibility of local currency sales proceeds into dollars. The program is undertaken only after conclusion of an agreement with the participating country. At the present time the program operates in 11 countries.

Under the program the American exporter sells informational materials to a foreign importer for foreign currency which is exchanged for dollars by the United States Information Agency (USIA), the administrator of the program. Most of the foreign currencies thus acquired are sold by the Treasury Department to other Government agencies for appropriated dollars. These dollars, in turn, are credited to the IMG revolving fund and become available to back the issuance of additional guaranty contracts. The additional dollar funds required to operate the program, over and above the dollars obtained from the sale of these foreign currencies, are borrowed from the Treasury Department against notes assumed by the Director of the United States Information Agency, pursuant to the authority of the Mutual Security Act of 1956.

The Senate amendment authorizes appropriations to restore USIA's borrowing authority for purposes of the IMG program to the extent that it has been impaired by program operations. Impairment to the capital fund arises from three causes: (1) Some foreign currencies acquired under the program must be sold at a lower rate of exchange than the rate at which they were purchased from American exporters; (2) in some countries local currency has accumulated in amounts in excess of United States Government needs so that they cannot in the reasonably immediate future be sold to United States Government agencies for dollars; and (3) in a few countries the United States has been obliged to agree to conditions which place certain restrictions on the types of United States Government activities which can be financed with these currencies.

Since the beginning of the program in 1948 through June 1957, \$13 million of the \$28 million capital fund has been used to convert local currencies into dollars. An additional \$9.6 million is committed to back outstanding guaranties, leaving \$5.4 million available for new contracts as of July 1, 1957. This authority is insufficient to finance the program through fiscal year 1959 unless the capital fund is replenished by appropriation.

The executive branch estimates that IMG contracts will be issued for about \$13 million for each of the next 2 fiscal years. To finance the

issuance of some \$26 million in guaranties the capital fund will require replenishment of approximately \$8 million. It is important that the program be financed beyond a 1-year period in order that United States exporters can make their plans.

The amount of the appropriation request is limited to the amount necessary to restore the realized impairment to the capital fund. Impairment is defined to include the amount of realized exchange losses plus the dollar cost of unsalable foreign currencies. The appropriated funds will be turned over to the Secretary of the Treasury to retire outstanding indebtedness, thus permitting USIA to make IMG borrowings in an equivalent amount within the present ceiling after payment of interest charges due.

Through the annual replenishment of the IMG capital fund by appropriation, Congress will retain control over the extent of the program. At the same time the revolving feature will provide assurance of continuity to American exporters participating in the program.

The IMG program is an important adjunct to the work of USIA. It makes available in countries that lack dollars a great variety of informational materials privately produced in the United States. The small loss suffered by the Government is more than compensated for by the greater circulation of important materials in countries that otherwise would not have access to them.

USE OF PUBLIC LAW 480 CURRENCY FOR SCIENCE (SEC. 502 (l))

The Senate amendment amended section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), by adding a provision authorizing the use of Public Law 480 currencies for scientific activities. Under the provision, Public Law 480 currencies could be used to collect, collate, translate, abstract, and disseminate scientific and technological information. They could also be used to conduct and support scientific activities overseas, including programs of scientific cooperation between the United States and other countries. Such cooperative projects and programs would include coordinated research against disease. The House bill contained no similar provision.

The managers on the part of the House receded and accepted the Senate provision.

Recent events have demonstrated the need for increased emphasis on scientific activities. There is an urgent need for translations and abstracts of scientific articles and books, both in the United States and abroad. This section will help meet that need. Furthermore, this provision will result in the United States, through cooperative activities, securing the benefits of increased scientific activity and research abroad. It will help in eliminating diseases common to all mankind and those which are common to particular regions.

The provision does not in itself make funds available to any agency of the United States. It authorizes the use of Public Law 480 currencies for the purposes stated but leaves to the President the question as to which executive agency will administer the program.

WORLD HEALTH ORGANIZATION RESEARCH (SEC. 502 (m))

The Senate amendment amended the act of June 14, 1948, as amended, concerning United States participation in the World Health Organization, by adding a new section 6, declaring it to be the policy of the United States to continue and to strengthen mutual efforts among nations for research against diseases, such as heart disease and cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases.

The House bill did not contain a provision on this subject.

The managers on the part of the House accepted the Senate amendment. There did not appear to be any basis for disagreement with the objectives of this provision. It involves only matters of direction and of emphasis of existing operations, and it does not call for any additional expense.

The committee of conference recognized the advantages to be derived if in these and other health programs the Executive by appropriate regulation take fullest advantage of the psychological value of the American origin of effective medicines.

JOINT ASSISTANCE PROGRAMS IN WESTERN HEMISPHERE (SEC. 503)

The Senate amendment contained a provision expressing the sense of Congress that the President should, pursuant to the provisions of the Mutual Security Act and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development. The House bill contained no language on this subject.

The committee of conference accepted the Senate language as indicative of continued congressional encouragement to the executive branch to explore every means available in carrying out the objectives expressed in the Senate language.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,
Managers on the Part of the House.

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fit, without liability for breach of its contract, notwithstanding its 'sale' to CCC."

CCC HAD NO RIGHT

Consequently, Judge Stone said, the CCC never had the right to dispose of or sell the products while the firms were free to sell to anyone who offered a better price.

Judge Stone added that enormous quantities of aged cheese worth more than 37 cents a pound were included in the transactions because the firms knew they would retain the cheese in their inventories.

"It was, as the (Government) contends, nothing but a 'paper transaction' which ended with the Government owing plaintiffs (the firms) 2½ cents a pound on all cheese and 3 cents a pound on all butter on which they had submitted invoices to the CCC," the decision said.

"There is no evidence that the purchase and resale at a loss program did achieve the main objective of the price support program, that is, the support of prices paid to farmers for their milk and butterfat. Affording inventory protection to the plaintiffs was not an objective of the milk support program, and never was so intended by Congress."

Judge Stone's decision also stated:

"Congress intended that the goods purchased by CCC would be more or less removed from the commercial market. The basic theory of the 'purchase' method is removal from the market of goods which cannot be sold in the commercial market at CCC's purchase price and there was no such removal in these transactions."

Judge Stone listed three reasons he did not consider the transactions purchases in the commercial sense. One was that the CCC did not gain possession and control. A second was that the "goods remained in plaintiffs' possession, and were continuously carried by them in their inventories." The third was that the firms could sell the cheese without "liability to CCC."

In arguments before the court last April, an attorney for Kraft said the cheese firms were victims of a jurisdictional dispute between the Department of Agriculture and the Justice Department.

"The major issue in these cases is whether the challenged transactions were authorized by the statutes," Judge Stone's decision said.

He added that Congress had empowered the Secretary of Agriculture to support milk prices through loans and purchases of cheese and butter by the CCC. He said that the department's plan to buy and sell cheese and butter under the order in question was a wide departure from the normal program followed by the CCC since the Agricultural Act was passed in 1949.

The all-important difference, he said, was the provision that the cheese would not be delivered to the CCC.

Judge Stone announced his decision at his office here. He said that the 24-page document would be filed simultaneously with the clerk of Federal Court in Madison.

Mr. Speaker, the subcommittee record in this case, the court decisions and all other pertinent materials clearly show that Secretary Benson has been dead wrong.

It is time for Secretary Benson to admit his grievous error, and exert his efforts on behalf of the taxpayers to recover the remaining funds which he improperly paid out. Let him say he was wrong, tell his cheese company friends he was wrong, and ask them to repay the money due the Government. If Secretary Benson will do this, he will help to get back for the taxpayers what is theirs, and save the taxpayers a great deal of time and expense in further litigation.

I hope the Secretary of Agriculture will be big enough to get on the side of justice now, after two court decisions have said he was wrong. In this case Secretary Benson's motto should be "Better late than never."

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN submitted the following conference report and statement on the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1941)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1958.'"

"SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: 'This Act is divided into chapters and titles, according to the following table of contents:

"TABLE OF CONTENTS"

- "Chapter I—Military Assistance.
- "Chapter II—Economic Assistance.
- "Title I—Defense Support.
- "Title II—Development Loan Fund.
- "Title III—Technical Cooperation.
- "Title IV—Special Assistance and Other Programs.
- "Chapter III—Contingency Fund.
- "Chapter IV—General and Administrative Provisions."

"CHAPTER I—MILITARY ASSISTANCE

"Military assistance

"SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended which relates to military assistance, is amended by striking out '1958' and '\$1,600,000,000' and inserting in lieu thereof '1959' and '\$1,605,000,000', respectively.

"Procurement programs relating to military assistance

"SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, as amended by inserting immediately before the period at the end thereof the following: 'including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.'

"Policy on military assistance to American Republics

"SEC. 103. Paragraph (4) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to military assistance to American Republics, is amended by adding the following sentences at the end thereof: 'The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics.'

"CHAPTER II—ECONOMIC ASSISTANCE

"Defense support

"SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out '1958' and '\$750,000,000' and inserting in lieu thereof '1959' and '\$810,000,000', respectively.

"Utilization of funds in special accounts

"SEC. 202. Paragraph (iii) of subsection (b) of section 142 of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: 'Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: Provided further, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000.'

"Development Loan Fund

"SEC. 203. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Amend section 202, which relates to general authority, as follows:

"(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate."

"(2) In subsection (b), strike out all preceding 'is hereby' in the first sentence and substitute 'The Fund'; strike out 'he' in the first sentence and substitute 'it'; strike out 'and (3)' in the first sentence and substitute '(3)'; insert before the period at the end of the first sentence, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved; strike out 'from' in the second sentence and substitute 'by'; insert after the third sentence 'The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund.'; and strike out the last two sentences and substitute the following new sentence: 'The President's semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.'

"(b) Amend section 204, which relates to fiscal provisions, as follows:

"(1) In subsection (b), substitute 'Fund' for 'President' in the first sentence and strike out 'against the Fund' in that sentence; change 'authorized' to 'made available' in the second sentence; and insert 'assets of the' before 'Fund' in the third sentence.

"(2) Strike out subsection (c) and substitute the following:

"(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended."

"(c) Amend section 205, which relates to powers and authorities, as follows:

"(1) Insert 'management,' before 'powers' in the heading of the section.

"(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

"(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law."

"(3) In subsection (c):

"(i) Strike out all in the first sentence preceding ': enter into' and substitute 'The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may';

"(ii) Strike out 'may be deemed' in the first clause of the first sentence and substitute 'it may deem';

"(iii) Strike out 'under this title' in the fourth clause of the first sentence and substitute 'of the Fund';

"(iv) Strike out 'the Manager of' in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

"(v) Insert after the seventh clause of the first sentence, following 'collection;', the following: 'adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government;';

"(vi) Strike out all following 'operation' in the last clause of the first sentence and substitute ', or in carrying out any function.'

"(vii) Insert the following new sentence after the first sentence of the subsection: 'Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.'

"(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to

the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act."

"Technical cooperation"

"Sec. 204. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

"(a) In section 304, which relates to authorization, strike out '\$151,900,000' and insert in lieu thereof '\$150,000,000 for use beginning in the fiscal year 1959.'

"(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

"(1) Insert 'and related program' after 'cooperation' in the heading of the section; insert 'and this Act' after 'title' in the first sentence; and insert 'and related' after 'cooperation' in the first sentence.

"(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out '\$15,500,000 for the fiscal year 1958' and substitute '\$20,000,000 for the fiscal year 1959'; insert 'and such related fund as may hereafter be established' after 'Assistance'; and in the proviso change 'to this program' to 'for such purpose' and after the word 'contributed' the first time it appears, strike the remainder of the subsection and insert 'for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year.'

"(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out '1958' and substitute '1959'.

"Special assistance and other programs"

"Sec. 205. Title IV of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is further amended as follows:

"(a) In subsection (a) of section 400, which relates to special assistance, strike out '1958' and '\$250,000,000' in the first sentence and insert in lieu thereof '1959' and '\$202,500,000', respectively; and strike out all following 'stability' in the first sentence and all of the last sentence and insert a period.

"(b) In section 402, which relates to earmarking of funds, strike out '1958' in the first sentence and substitute '1959'.

"(c) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section:

"SEC. 403. Responsibilities in Germany: The President is hereby authorized to use during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 400 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas)

Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

"(d) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

"(1) In subsection (c), strike out all following 'fiscal year' and substitute '1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.'

"(2) In subsection (d), strike out '1958' and '\$5,500,000' and substitute '1959' and '\$8,600,000', respectively.

"(e) In section 406, which relates to children's welfare, strike out '1958' and substitute '1959.'

"(f) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees.'

"(g) In section 409 (c), which relates to ocean freight charges, strike out '1958' and '\$2,200,000' and substitute '1959' and '\$2,100,000', respectively.

"(h) In section 410, which relates to Control Act expenses, strike out '1958' in the first sentence and substitute '1959.'

"(i) Amend section 411, which relates to administrative and other expenses, as follows:

"(1) In subsection (b) strike out '1958' and '\$32,750,000' and substitute '1958' and '\$33,000,000,' respectively; and insert 'and title II of chapter II' immediately before the close of the first parentheses;

"(2) In subsection (c), insert 'functions of the Department under this Act or for' before 'normal.'

"(j) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

"(1) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out 'the agency primarily' and substitute 'an agency'; insert immediately before the semicolon at the end of subparagraph (E) the following proviso: '*Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced'; and insert after 'Director of the International Cooperation Administration' both times it appears in subparagraph (F) 'or such other officer as the President may designate.'

"(2) Insert the following new subsection:

"(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act so as to promote the foreign policy of the United

States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.'

"(k) At the end of section 414 (b), which relates to munitions control, add the following: 'Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.'

"(l) In section 419 (a), which relates to atoms for peace, strike out '1958' and '\$7,000,000' in the second sentence and substitute '1959' and '\$5,500,000,' respectfully.

"(m) In section 420, which relates to malaria eradication, insert after the word 'authorized' in the second sentence 'to use funds made available under this Act (other than chapter I and title II of chapter III', insert immediately before the period at the end of the second sentence the following proviso: '*Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II', and strike out the last sentence.

"CHAPTER III—CONTINGENCY FUND

"President's special authority and contingency fund

"SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (12) (B) of section 501 of this Act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

"(a) Insert 'and contingency fund' after 'authority' in the heading of this section.

"(b) Subsection (a) is amended as follows:

"(1) In the first sentence, insert 'for use' after 'made available'; strike out 'such use by section 400 (a) of this Act' and substitute 'use under this subsection by subsection (b) of this section'; strike out 'pursuant to authorizations contained in' and substitute 'for use under'; and

"(2) In the second and last sentence strike out 'section' both times it appears and substitute 'subsection.'

"(c) Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$155,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.'

"(d) In the last sentence of subsection (c), insert 'subsection (a) of' after 'under.'

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

"General provisions

"SEC. 401. The chapter designated by paragraph (16) of section 501 of this Act as

chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is further amended as follows:

"(a) Section 502, which relates to use of foreign currencies by committees of the Congress, is amended by striking out the proviso in subsection (b) and inserting the following: '*Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.'

"(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: 'Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).'

"(c) Section 510, which relates to purchase of commodities, is amended by striking out 'title II or' in the first sentence.

"(d) Add the following new sections immediately after section 515:

"SEC. 516. Prohibition against debt retirement: None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

"SEC. 517. Completion of plans and cost estimates: After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 400 (a) —

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a

reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans."

"(e) Amend section 527, which relates to the employment of personnel, by adding the following new subsection, such amendment to take effect nine months after the date of enactment of this Act:

"(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions."

"(f) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out 'for the fiscal year 1958'; in subsection (c), strike out 'Not to exceed \$18,000,000' and substitute 'Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000', and add the following new clause before the period: ', and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere'; and add the following new subsection:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs."

"(g) Amend section 543 (d), which relates to saving provisions, by striking out 'Act of 1956 or the Mutual Security Act of 1957' and substituting 'Act of 1956, 1957, or 1958' in the first sentence and by inserting the following new sentence after the second sentence: 'Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958.'

"(h) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended).

"(i) Amend section 545, which relates to definitions, as follows:

"(1) In subsection (j), insert 'the Development Loan Fund and' after 'refer to' and strike out 'title II.'

"(2) In subsection (k), insert 'the Board of Directors of the Development Loan Fund and' after 'refer to' and strike out 'title II.'

"CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954; AMENDMENTS; AND WESTERN HEMISPHERE COOPERATION

"Reorganization of Mutual Security Act of 1954

"SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

"(1) Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:

"CHAPTER I—MILITARY ASSISTANCE"

"(2) Immediately above section 131, strike but the chapter heading and insert in lieu thereof the following:

"CHAPTER II—ECONOMIC ASSISTANCE

"Title I—Defense support"

"(3) In section 131 (a), strike out 'chapter 1 of this title' and insert in lieu thereof 'chapter I.'

"(4) In section 131 (d), immediately after 'title', insert 'or chapter I.'

"(5) Immediately above section 141, strike out the chapter heading.

"(6) In section 141, immediately after 'title' both times it appears insert 'or chapter I.'

"(7) (A) In section 142 (a), strike out 'chapter 1 of this title' each place it appears and insert 'chapter I.'

"(B) In such section 142 (a), strike out 'under this title' and 'purposes of this title' each place they appear and insert 'under chapter I or under this title', and 'purposes of chapter I or of this title', respectively.

"(8) Section 142 (b) is amended by striking out 'chapter 3 of title I of this Act' and inserting in lieu thereof 'this title.'

"(9) Section 144 is amended by inserting immediately after 'under this title' the following: 'or chapter I.'

"(10) Section 202 (b) is amended by striking out '401 (a)' and inserting in lieu thereof '451 (a).'

"(11) Amend the heading of title IV to read as follows:

"Title IV—Special assistance and other programs."

"(12) (A) Immediately after section 420, insert the following new chapter heading:

"CHAPTER III—CONTINGENCY FUND"

"(B) Section 401 is redesignated as section 451 of chapter III.

"(13) Section 405 (d) is amended by striking out '401' and inserting in lieu thereof '451.'

"(14) Section 410 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(15) Section 411 (b) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(16) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

"(17) Section 503 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(18) (A) Section 504 (a) is amended by striking out 'titles II, III, and IV, and chapter 3 of title I,' and inserting in lieu thereof 'chapter II.'

"(B) Section 504 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(19) (A) The first sentence of section 510 is amended by striking out 'chapter 3 of title I' and inserting in lieu thereof 'title I of chapter II.'

"(B) The third sentence of section 510 is amended by striking out 'title II or chapter 3 of title I' and inserting in lieu thereof 'title I or II of chapter II.'

"(20) Section 511 (a) is amended by striking out 'title I' and inserting in lieu thereof 'chapter I or title I of chapter II.'

"(21) Section 511 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(22) Section 513 is amended by striking out '401' and inserting in lieu thereof '451.'

"(23) Immediately above section 521, strike out the chapter heading.

"(24) In section 521 (b), insert 'of chapter II' immediately after 'title III.'

"(25) In section 521 (c), strike out 'chapter 3 of title I' and insert in lieu thereof 'title I of chapter II.'

"(26) Sections 522 (c) and 522 (d) are each amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(27) Section 523 (c) (2) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(28) Section 524 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(30) Immediately above section 541, strike out the chapter heading.

"(31) Section 545 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(32) Section 545 (h) is amended by striking out 'chapter 1 of title I' each place it appears and inserting in lieu thereof 'chapter I.'

"(33) Sections 545 (j) and 545 (k) are each amended by striking out 'chapter 3 of', and by inserting 'chapter II or under chapter III' immediately after 'title IV.'

"(34) Section 549 is amended by inserting 'of chapter II' immediately after 'title III.'

"Amendments to other laws

"SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

"(1) In subsection (a) of the first section, insert the following new subparagraph after subparagraph (4):

"(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract."

"(2) In subsection (e) of such section, strike '(3) or (4)' in the last sentence and substitute therefor '(3), (4), or (5).'

"(3) In subsection (f) of such section, insert 'or in any work under subparagraph (5) subsection (a) of this section' between 'this section' and 'shall not apply.'

"(b) In the first section of the Act of June 28, 1935, as amended (49 Stat. 425), strike out '\$30,000' and insert '\$33,000,' and strike out '\$15,000' the first time it appears and insert '\$18,000.'

"(c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert 'Development Loan Fund;' before 'Institute of Inter-American Affairs.'

"(d) In section 2 of the Act of July 11, 1956 (70 Stat. 523), strike out all beginning

with 'An' down through 'Conference and' and substitute 'There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and.'

"(e) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287g), is amended by the addition of the following sentences at the end thereof: 'The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: *Provided*, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.'

"(f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes ', as apportioned' is amended to read as follows: '(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses.'

"(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): 'or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.'

"(h) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words 'in the Department' wherever they appear therein and by adding at the end thereof the following new sentences: 'Any Foreign Service officer who resigned from the Service, or retired in ac-

cordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.'

"(i) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

"(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

"(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

"(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts.'

"(j) The Act of May 26, 1949, as amended (5 U. S. C. 151a-151c), relating to the organization of the Department of State, is amended as follows:

"(1) In the first section, strike out 'three' and insert 'two.'

"(2) In section 2, designate the present language as '(a)' and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the "Deputy Under Secretary of State for Economic Affairs" or any other reference with respect thereto, is hereby amended to vest

such authority in the Under Secretary of State for Economic Affairs.'

"(k) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect nine months after the date of enactment of this Act:

"(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions.'

"(l) Section 104 of the Agricultural Trade Development Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe.'

"(m) The Act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe.'

"COOPERATION IN WESTERN HEMISPHERE

"SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development."

And the Senate agree to the same

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,

Managers on the Part of the House.

THEODORE FRANCIS GREEN,
J. W. FULBRIGHT,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The committee of conference agreed upon an authorization of \$3,031,400,000, a reduction of \$266,500,000 from the executive branch authorization request.

The House bill authorized an appropriation of \$2,958,900,000. The Senate amendment authorized an appropriation of \$3,103,900,000 exclusive of the limitation of \$2.4 billion on military assistance and defense support contained in section 13 of the amendment. When the ceiling in section 13 of the Senate amendment was applied, the differ-

ence between the 2 Houses was \$110 million. On the basis of the individual authorizations and without regard to this ceiling, the difference between the 2 Houses was \$145 million.

The amount authorized by the committee of conference for military assistance was \$1,605 million and \$810 million for defense support. The sum of these two authorizations equaled the sum as they passed the House, although military assistance was reduced \$35 million and defense support was increased \$35 million. The Senate also reduced from section 13 of its amendment which placed an overall ceiling of \$2.4 billion on the total authorization for military assistance and defense support and also authorized a Presidential transfer of not more than \$235 million between these 2 items.

The committee of conference agreed to \$202.5 million for special assistance, a reduction of \$9.5 million from the Senate figure. The Senate approved amount for the contingency fund was reduced from \$200 million to \$155 million. The Senate accepted the House figure of \$33 million for ICA administrative expenses. The net result of these adjustments was to divide equally the difference of \$145 million between the two Houses. Thus the Senate figure was reduced by \$72.5 million and the House figure increased by an identical amount.

Mutual security program for fiscal year 1959

[In thousands]

	Adminis- tration authorization request	House amounts	Senate amend- ment	Difference between House and Senate	Committee of con- ference
Sec. 103 (a). Military assistance.....	\$1,800,000	\$1,640,000	\$1,600,000	-\$40,000	\$1,605,000
Sec. 131 (b). Defense support.....	835,000	775,000	835,000	+60,000	810,000
Sec. 203. Development Loan Fund.....					
Sec. 304. Bilateral technical cooperation.....	142,000	150,000	150,000		150,000
Sec. 306 (a). United Nations technical assistance programs.....	20,000	20,000	20,000		20,000
Sec. 306 (b). OAS technical cooperation.....	1,500	1,500	1,500		1,500
Sec. 400 (a). Special assistance.....	212,000	185,000	212,000	+27,000	202,500
Sec. 451 (b). ² Contingency fund.....	200,000	100,000	200,000	+100,000	155,000
Sec. 405 (a). Intergovernmental Committee for European Migration.....					
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200	1,200	1,200		1,200
Sec. 405 (d). Escapees.....	8,600	8,600	8,600		8,600
Sec. 406. U. N. Children's Fund.....	11,000	11,000	11,000		11,000
Sec. 407. Palestine refugees.....	25,000	25,000	25,000		25,000
Sec. 408. NATO civilian expenses.....					
Sec. 409 (c). Ocean freight.....	2,100	2,100	2,100		2,100
Sec. 410. Control Act expenses.....	1,000	1,000	1,000		1,000
Sec. 411 (b). ICA administrative expenses.....	33,000	33,000	31,000	-2,000	33,000
Sec. 411 (c). State administrative expenses.....					
Sec. 419 (a). Atoms for Peace.....	5,500	5,500	5,500		5,500
Total.....	3,297,900	2,958,900	3,103,900	+145,000	3,031,400

¹ Although the Senate amendment included \$1.6 billion for military assistance and \$835 million for defense support, a total of \$2,435 million, section 13 of the amendment limited the total authorization of these 2 items to \$2.4 billion. This section also authorized the Presidential transfer of \$235 million between military assistance and defense support in order to allow the President to apportion the reduction set by the ceiling.

² Formerly sec. 401 (b).

REORGANIZATION OF THE ACT (SEC. 501)

The House bill changed the title headings of the Mutual Security Act in order to place military assistance in a separate chapter and defense support under the economic chapter. These changes were intended to make clear that defense support although necessary for military needs was nevertheless economic assistance. Special assistance and the contingency fund were put into a new chapter because it was believed that each could include both military and economic assistance. The Senate amendment contained no similar provision.

The committee of conference accepted the House reorganization of the Mutual Security Act with an amendment. The amended version removes special assistance from the same chapter as the contingency fund and puts the former into the chapter headed "Economic Assistance." This latter change conforms to the executive branch definition that special assistance is now regarded as economic assistance necessary to achieve po-

litical, economic, or other objectives in countries where no assistance is provided in support of significant military forces, or in situations where the assistance cannot be appropriately rendered as technical assistance or from the Development Loan Fund. The contingency fund, unlike special assistance, may be used for both military and nonmilitary assistance.

AID TO INDIA

The Senate amendment added subsection (d) to section 2 of the Mutual Security Act, stating the sense of the Congress that it is in the interest of the United States to join with other nations in providing support to assist India to complete its current program for economic development.

The House bill contained no provision on this subject.

It was the view of the House conferees that since the concepts embodied in the India amendment were expressed in various sections of the Mutual Security Act it was unnecessary to make specific reference to a

particular country in relation to policies already expressed in law in general terms.

MILITARY ASSISTANCE TO LATIN AMERICA
(SEC. 103)

The Senate version contained an amendment to section 105 (b) (4) requiring the President to review findings made under that section annually and to make a determination each year as to whether military assistance is necessary. Furthermore, it laid down the policy that internal security requirements should not normally be the basis for military assistance in Latin America.

The House bill contained no similar amendment.

Under the existing section 105 (b) (4) military assistance may be furnished to Latin American nations only in accordance with defense plans found by the President to require those nations to participate in missions important to the defense of the hemisphere.

Since the amendment is in conformity with existing section 105 (b) (4) and reflects the policy expressed in that section, the managers on the part of the House agreed to the retention of the Senate language. In their opinion the amendment does not represent a change in policy except with respect to requiring an annual review by the President. Recent events tend to indicate the necessity for a restatement of the United States policy that military assistance to Latin America shall be furnished for internal security requirements only under extraordinary circumstances.

USE OF SURPLUS COUNTERPART FUNDS (SEC. 202)

The Senate version added two provisos to section 142 (b) (iii). The first proviso permitted a recipient nation to utilize those counterpart funds which are excess to United States requirements and exceed the requirements for purposes for which new funds authorized by the Mutual Security Act would be available for other purposes. Such uses would have to be agreed to by the United States and be consistent with United States foreign policy. The second proviso required that any proposed utilization of such excess amounts should be reported to the 4 appropriate congressional committees, and that such utilization should not be effective until 60 days after such reporting.

The House bill contained no provision on this subject.

The Senate amendment was proposed specifically to make it possible for the Austrian Government to make a loan to the Austrian Hilfsfond for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The executive branch had previously determined that such use of Austrian counterpart was not permitted. Present law authorizes the use of counterpart (aside from that counterpart earmarked for United States requirements) only to carry out purposes for which new funds authorized by the Mutual Security Act would themselves be available. Since compensation to victims of Nazi persecution was not a purpose for which new funds authorized by the Mutual Security Act would be available, additional legislation was regarded necessary to permit the use of Austrian counterpart for this purpose.

The managers on the part of the House recognized the desirability of the proposed use of excess counterpart funds for this purpose. They regarded the granting of such broad authority over the use of excess counterpart as contained in the Senate amendment to be undesirable. They therefore accepted compromise language limiting the utilization of excess counterpart to the equivalent of \$4 million, the amount estimated to be expended in carrying out the program for Austria. Proposals for further utilization of excess counterpart will require approval by the Congress.

ASSISTANCE TO YUGOSLAVIA

The House bill contained an amendment to section 143 with reference to assistance to Yugoslavia prohibiting the furnishing of any assistance to Yugoslavia after 90 days unless the President had determined that (1) there has been no change in the fundamental policies on which aid to Yugoslavia is based; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) it is in the interest of national security to continue aid. The President would have been required to keep Congress continually informed of determinations under this section and of assistance to Yugoslavia. The Senate version contained no amendment to section 143.

Section 143 of the present law is substantially similar to the House provision. Section 143 requires the President to assure himself continually that (1) Yugoslavia continues to maintain its independence; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) the furnishing of assistance is in the national security interest. Under this provision the President must keep the Congress informed of assistance to Yugoslavia.

The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

STATE DEPARTMENT ORGANIZATION
(SEC. 502 (J))

The Senate amendment provided for the creation of an Under Secretary of State for Economic Affairs in the Department of State and for the abolition of the Deputy Under Secretary of State for Economic Affairs.

The House bill contained no similar provision.

The committee of conference accepted the Senate language.

Although the activities of ICA are under the authority of the Department of State, the Director of ICA presently outranks the Deputy Under Secretary of State for Economic Affairs. The effect of the Senate provision is to upgrade the position of the principal economic officer in the Department of State so that he will be senior to the Director of ICA. The new position will give further emphasis to congressional insistence that the mutual security program is an integral part of United States foreign policy and, as such, is under the immediate direction of the Department of State.

The Senate language also provides that the present Deputy Under Secretary of State for Economic Affairs, Hon. C. Douglas Dillon, may be appointed to the new office without further advice and consent of the Senate.

The Under Secretary of State will continue to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of \$22,000 per annum, while that of the Under Secretary of State is fixed at \$22,500. This difference in salary is intended to indicate clearly the subordinate position of the Under Secretary of State for Economic Affairs.

The Senate amendment also includes language that has the effect of changing the composition of the Board of Directors of the Development Loan Fund so that the new officer will replace the Deputy Under Secretary of State for Economic Affairs—a position that is abolished by the Senate amendment.

CONTRIBUTION TO UNITED NATIONS TECHNICAL ASSISTANCE PROGRAMS (SEC. 204 (B))

The House bill amended the proviso of section 306 (a), so as to provide that for the calendar year 1959 and thereafter the United States contribution to United Nations technical assistance and related programs may

be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any given year.

The Senate amendment contained no provision on this subject, and left unchanged the present scale of United States contributions, which provides for 38 percent in fiscal year 1959 and 33½ percent in fiscal year 1960 and thereafter.

The committee of conference accepted the House language except for certain revisions intended to clarify the meaning of the House bill.

The managers on the part of the House were in agreement with the Senate conferees that it is desirable that other nations increase their contributions to the multilateral technical cooperation and related programs and that the United States should in due course reduce its percentage contribution.

CONTINUATION OF INTERNATIONAL DEVELOPMENT ADVISORY BOARD (IDAB)

The House bill contained a provision repealing section 308, relating to the International Development Advisory Board, but the Senate version did not repeal that section. The International Development Advisory Board, which by statute is composed of 13 members, has the duty of advising the President and the Director of the International Cooperation Administration on policy matters relating to technical cooperation, the Development Loan Fund, and the encouragement of private enterprise under the mutual security program.

The committee of conference agreed to the retention of section 308 providing authority for the continuation of the Board. Although there have been no Board members since last September, the executive branch made a strong plea that the Board is necessary. The primary reasons for the delay in the reactivation of the IDAB were: (1) the resignation of the then Director of ICA last fall and the appointment of a new Director, and (2) the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board, particularly if the Development Loan Fund were incorporated.

The managers on the part of the House are firmly of the opinion that representatives of science should be included on the Board. It would also appear to be appropriate for the International Development Advisory Board to utilize advisory groups representing business, labor, agriculture, public health, science, and education.

PALESTINE REFUGEES (SEC. 205 (F))

The House bill authorized an appropriation of \$25 million for fiscal year 1959 for the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate amendment authorized an identical sum, but included a proviso that \$5 million of the funds appropriated for this purpose shall be used only for repatriation or resettlement of such refugees.

If the entire \$25 million were appropriated, the \$5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the \$5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of \$5 million for repatriation or resettlement.

The committee of conference agreed with the philosophy contained in the Senate proviso; namely, that the governments of the Near East take more vigorous steps to effect a solution of the refugee problem. It was recognized, however, that the critical situation in that area only makes more difficult the relocation of the refugees. Relief and rehabilitation are not only a continuing demand but are prerequisites to the success of

any repatriation or resettlement program. The committee of conference is not satisfied that officials of the governments in the Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

OFFSHORE PROCUREMENT, PROTECTION OF THE UNITED STATES ECONOMY, AND STUDY OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205 (J) (2))

The House bill contained a provision entitled "Protection of the United States Economy," which would have required an annual review of operations under the program by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The purpose of the study would have been to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. Recommendations were called for.

The Senate amendment contained a section amending section 510 of the act, which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the procurement did not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, outweighing the economic advantages to, and the national interests of, the United States of less costly procurement abroad.

The Senate version also contained a provision for a review by the Departments of State and Commerce, and other agencies of the Government, of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign policy efforts of the United States. Private enterprise would have been called upon to cooperate in the study. Recommendations would have been required from the reviewing group.

Some members of the committee of conference were strongly opposed to changes in the provisions before them. The following considerations influenced the judgment of the majority of the conferees: (1) The matters covered by the above provisions are closely interrelated; (2) over 50 percent of ICA financed procurement already takes place in the United States; and (3) the various reviews called for would be overlapping. Therefore a majority of the Senate and House members of the committee of conference agreed to eliminate the above three provisions and to substitute a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference emphasizes that the new provision envisages a study of the possible adverse effects upon the United States economy arising from operations under the mutual security program. It is contemplated that this study will be financed from the regular appropriations available to each agency participating.

MUNITIONS CONTROL (SEC. 206 (K))

The House bill contained a provision prohibiting the return to the United States, other than for the Armed Forces of the United States and its allies, of military arms or ammunition furnished to foreign governments by the United States under any foreign assistance programs of the United States.

The Senate version limited the items prohibited for import to military firearms, rather

than arms or ammunition, manufactured in the United States and furnished to foreign governments under any foreign aid program. The Senate version further stipulated that it was to apply only to items imported for sale and regardless of whether the arms in question had been advanced in value in a foreign country. It also provided that the prohibition should not extend to firearms which had been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference adopted a compromise which prohibits the return to the United States for sale in the United States of any military firearms or ammunition of United States manufacture and furnished to foreign governments by the United States under the Mutual Security Act or any other foreign assistance program of the United States. The prohibition is not to apply to military firearms or ammunition imported into the United States for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture. The foreign aid programs of the United States covered under this provision would include, among others, the lend-lease program, the Greek-Turkish assistance program, the mutual defense assistance program, and the mutual security program. The phrase "military firearms" was accepted because, if the words "military arms" had been used, there was a possibility that such items as armored vehicles, spare parts for armored vehicles, and other similar items might have been included in the prohibition.

MALARIA ERADICATION (SEC. 205 (M))

The committee of conference accepted the House language, as rephrased, to make clear that the Development Loan Fund may, in accordance with the provisions of title II of chapter II, furnish assistance designed to aid the efforts of other peoples to eradicate malaria.

CONGRESSIONAL TRAVEL ACCOUNTING (SEC. 401 (A))

The House bill amended section 502 (b) to provide that local currency used by any congressional committee be charged against any amounts made available to such committee from the appropriate contingent funds, and that the use of such currency be subject to all the reporting and other requirements which apply to the expenditure of amounts made available from such contingent fund.

The Senate amendment amended section 502 (b) to require that each member or employee of any congressional committee make to the chairman of his committee an itemized listing of expenditures of foreign currency and that each committee submit a consolidated report showing the total itemized expenditures of the committee and of each member or employee thereof during the preceding calendar year to the House Administration Committee or the Senate Appropriations Committee. This report was required to be published in the CONGRESSIONAL RECORD.

The information available to the managers on the part of the House indicated that the provision contained in the House bill would require substantial modification and reorganization of the accounting procedures of the House of Representatives which would not be necessary in order to attain the objectives of an itemized accounting of foreign travel expenditures by individuals and of a public reporting of such expenditures. The House conferees, therefore, accepted the simpler language of the Senate amendment, since it appeared to attain the desired objectives. The committee of conference agreed, however, to eliminate from the Senate provision the requirement that the total itemized expenditures of each committee member or employee should be reported and published in the CONGRESSIONAL RECORD. In-

stead, language was accepted requiring that each member or employee of any congressional committee must report to the chairman of his committee an itemized listing of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the Committee on House Administration or the Committee on Appropriations of the Senate and published in the CONGRESSIONAL RECORD. The provision takes effect on the date of enactment of the bill.

The committee of conference believes that foreign travel by Members of Congress should be encouraged and recognizes that the use of foreign currency funds derived from operations under the mutual security and agriculture trade development and assistance programs for this purpose in most instances makes such travel possible without cost to the United States taxpayer. Certain foreign currencies made available under these programs will not be usable in the foreseeable future by the United States for any other purpose.

The committee of conference was in agreement that congressional travel expenses should be fully accounted for and controlled and that the entire matter should be subject to further study not only by the Committees on Foreign Relations and Foreign Affairs, but by other interested committees of the Senate and the House. Such further study should include consideration of the accounting and control of congressional travel expenditures under authority other than that contained in the Mutual Security Act.

COMPLETION OF PLANS AND COST ESTIMATES (SEC. 401 (D))

The House bill added a new section 517 which prohibited the obligation of defense support, bilateral technical cooperation, and special assistance funds for projects requiring substantive technical or financial planning until necessary engineering, financial, and other plans had been completed and a reasonably firm estimate obtained of the cost to the United States of providing such assistance, and until a determination had been made that any necessary legislative action by the recipient country might reasonably be anticipated to be completed within 1 year. The new section also provided that funds obligated for assistance subject to the conditions of the section could only be used for the purpose for which originally obligated and would otherwise revert to the Treasury.

The committee of conference accepted the House provision with two modifications. The first limits the application of this section to obligations in excess of \$100,000. The second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and, if not used, would revert to the Treasury. With this modification, such funds could be reused for other purposes as authorized by the Mutual Security Act.

In accepting these modifications, the managers on the part of the House recognized that the application of the provisions of this section to small transactions might seriously impede the operation of the program. They also were impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or the international situation might make abandonment of a project for which funds had been obligated desirable.

ACCEPTANCE OF BENEFITS FROM FOREIGN NATIONS AND DUAL COMPENSATION IN LATIN AMERICA (SEC. 401 (E) AND SEC. 502 (K))

The Senate amendment contained two provisions relating to the detail of personnel to foreign governments. The first amendment prohibited any person performing functions under the Mutual Security Act

from accepting any compensation or other benefits from a foreign nation. It further provided that cost-sharing arrangements could be made by the President with the nations to which personnel are detailed. The second provision amended section 712 of title 10 of the United States Code so that persons detailed under that section could not accept offices, compensation, or emoluments from the foreign government concerned. The House bill contained no similar provisions.

Under section 712 of title 10 of the United States Code the President is presently authorized to detail members of the armed services to certain Latin American Republics and to any other nation during time of war. Under that section, subject to the prior approval of the Secretary of the military department concerned, an officer so detailed may receive compensation or emoluments and may accept any office from the foreign government.

The House receded and accepted the Senate provision prohibiting any person who performs functions under the Mutual Security Act from receiving any compensation from any foreign government. The House receded with an amendment to the second provision, amending section 712 of title 10 of the United States Code. The House agreed to the Senate prohibition against a military officer detailed under the provisions of title 10, United States Code, section 712, accepting compensation or emoluments but with a compromise permitting such officers to continue to be authorized, subject to the prior approval of the Secretary of the department concerned, to accept offices from the foreign government to which detailed.

The committee of conference agreed that it is in the best interest of the United States to prohibit any employee or officer performing functions under the Mutual Security Act or any military officer detailed under title 10, United States Code, section 712, from receiving compensation directly from a foreign government. To allow such individuals to receive compensation raises the possibility of a conflict of interest or even of divided loyalties. The committee of conference, however, considered it unnecessary to prohibit an officer detailed under title 10, United States Code, section 712, from accepting an office from a foreign government. There may be instances where it is in the interest of the United States for a United States officer to accept an office from a foreign government. On such occasions, however, he would be paid by the United States. For example, there have been instances where a United States officer has been designated as commandant of a foreign military academy with a simulated rank in the foreign army. There may be other situations where a United States officer could serve in a dual capacity.

Provision is made for cost-sharing arrangements with the foreign government under the Mutual Security Act, and title 10, United States Code, section 712. In order to facilitate such arrangements, the prohibition is not to be effective for 9 months following enactment of this act.

COMPUTATION OF LEVELS OF AID (SEC. 401 (F))

The House bill contained a provision to require the President to submit a report to the Congress before January 10 each year, detailing defense support and special assistance to be furnished for the next fiscal year. The provision also required that such reports contain a clear and detailed explanation of the method used in reaching the proposed levels of aid for each country, and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield

a specific dollar figure which constitutes each level of aid.

The Senate amendment contained no provision on this subject.

The committee of conference adopted a compromise which eliminates the January 10 date and the requirement that a monetary value be assigned to each factor considered in determining the level of aid to a country. The substitute language requires that during the annual presentation to the Congress of requests for authorizations and appropriations under the Mutual Security Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted. The substitute requires that the significant factors considered in determining levels of aid be included in the detailed explanations submitted to the Congress.

MILITARY MATERIEL PRICING FORMULA

Although the Senate receded with respect to its amendment to section 545 (h) of the Mutual Security Act, relating to the valuation of equipment under the military assistance program, the House conferees agreed that the committees of the House and Senate should request a report from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h). Prior to 1956, non-excess-stock items were sold by the military services to the military assistance program at a cost representing the replacement value of a similar but more modern item. In that year section 545 (h) was amended to provide that such sales should be at the same price obtaining for similar transactions between the United States military services or, if there are no such transactions, then at the gross cost for the item concerned, reduced to take into consideration age and condition.

The executive branch has been slow in implementing this provision. All directives have not as yet been issued. One reason for this, of course, is that appropriations were requested in prior years on the basis of anticipated receipts, and an immediate reduction in receipts from the military assistance program would have substantially reduced the funds available to the military services.

The report from the executive branch should give a detailed accounting of operations under the 1956 pricing formula and should contain a comparison of prices charged under the prior formula with those charged under the existing formula.

PROHIBITION AGAINST UNJUSTIFIED PUBLIC WORKS

The House bill contained a provision that prohibited the use of mutual security funds for any flood control, river and harbor or water development project in a foreign country that did not meet the benefit-cost standards and economic feasibility requirements established for similar projects in the United States. The Senate amendment contained no provision on this subject.

The House receded from its position. The committee of conference endorsed the principles contained in the House language, but recognized the difficulties involved in their mandatory application to projects carried out in the less developed countries.

INTERNATIONAL LABOR ORGANIZATION (ILO) CONTRIBUTION (SEC. 502 (F))

Section 2 (a) of the joint resolution of June 30, 1948, as amended, authorizes payment by the United States of its share of the expenses of the International Labor Organization (a specialized agency of the United Nations) as apportioned by the Organization in accordance with its constitution. The United States contribution has been limited to \$1,750,000 per annum, although the apportionment as determined by the ILO for the United States in recent years has been 25 percent of the ILO budget. As a consequence, the United States is in arrears in its

payments. The House bill amended existing law so as to authorize an annual contribution of not to exceed 25 percent. The Senate bill contained a similar amendment but also a limitation of \$2 million per annum. The conferees were informed that the budget already approved for calendar year 1959 by the ILO governing body amounts to approximately \$8.4 million. Therefore, the United States assessment as apportioned under the ILO constitution would be approximately \$2.1 million, and the \$2 million ceiling would cause the United States to continue to be in arrears. Under these circumstances and since the ceiling on our contribution to the World Health Organization is also expressed as a percentage, the committee of conference accepted the House version.

FOREIGN SERVICE ACT AMENDMENT (SEC. 502 (H))

The Senate amendment included an amendment to the Foreign Service Act of 1946, as amended. The House bill contained no such provision. The committee of conference accepted the amendment included in the Senate version.

Section 571 (c) of the Foreign Service Act permits a Foreign Service officer to accept a position in the Department of State to which he is appointed by the President and is confirmed by the Senate without any loss of his Foreign Service status. Under this section, for example, a Foreign Service officer may be appointed an Assistant Secretary of State. The act makes no provision for a Foreign Service officer to accept a position elsewhere in the Government unless he resigns or retires from the Foreign Service.

The newly appointed Director of the United States Information Agency, Hon. George V. Allen, a Foreign Service officer with nearly 30 years' experience, had to retire from the Foreign Service to accept his new post. The Senate amendment broadens the single exception in the Foreign Service Act to permit a Foreign Service officer to retain his status within the Foreign Service when he is appointed by the President to any position requiring Senate confirmation. The Senate amendment also contains language that makes the change retroactive in order that Mr. Allen may be considered as if he had not retired from the Foreign Service to accept the position of Director of USIA.

INFORMATIONAL MEDIA GUARANTY (SEC. 502 (I))

The Senate amendment contained language that amended section 1011 of the United States Information and Educational Exchange Act of 1948. The House bill did not contain such a provision, although the House Committee on Foreign Affairs had held hearings on this subject and was contemplating action on it this session. The House conferees therefore receded and concurred in the Senate amendment.

The Senate amendment makes possible the continued financing of the Informational Media Guaranty (IMG) program through replenishment of its capital fund. The capital fund which consists of an authority to borrow from the Treasury up to \$28 million is nearly depleted.

The purpose of the program is to encourage the sale of American books, periodicals, films and other informational material in countries where dollars are lacking by guaranteeing to the American distributor the convertibility of local currency sales proceeds into dollars. The program is undertaken only after conclusion of an agreement with the participating country. At the present time the program operates in 11 countries.

Under the program the American exporter sells informational materials to a foreign importer for foreign currency which is exchanged for dollars by the United States Information Agency (USIA), the adminis-

trator of the program. Most of the foreign currencies thus acquired are sold by the Treasury Department to other Government agencies for appropriated dollars. These dollars, in turn, are credited to the IMG revolving fund and become available to back the issuance of additional guaranty contracts. The additional dollar funds required to operate the program, over and above the dollars obtained from the sale of these foreign currencies, are borrowed from the Treasury Department against notes assumed by the Director of the United States Information Agency, pursuant to the authority of the Mutual Security Act of 1956.

The Senate amendment authorizes appropriations to restore USIA's borrowing authority for purposes of the IMG program to the extent that it has been impaired by program operations. Impairment to the capital fund arises from three causes: (1) Some foreign currencies acquired under the program must be sold at a lower rate of exchange than the rate at which they were purchased from American exporters; (2) in some countries local currency has accumulated in amounts in excess of United States Government needs so that they cannot in the reasonably immediate future be sold to United States Government agencies for dollars; and (3) in a few countries the United States has been obliged to agree to conditions which place certain restrictions on the types of United States Government activities which can be financed with these currencies.

Since the beginning of the program in 1948 through June 1957, \$13 million of the \$28 million capital fund has been used to convert local currencies into dollars. An additional \$9.6 million is committed to back outstanding guaranties, leaving \$5.4 million available for new contracts as of July 1, 1957. This authority is insufficient to finance the program through fiscal year 1959 unless the capital fund is replenished by appropriation.

The executive branch estimates that IMG contracts will be issued for about \$13 million for each of the next 2 fiscal years. To finance the issuance of some \$26 million in guaranties the capital fund will require replenishment of approximately \$8 million. It is important that the program be financed beyond a 1-year period in order that United States exporters can make their plans.

The amount of the appropriation request is limited to the amount necessary to restore the realized impairment to the capital fund. Impairment is defined to include the amount of realized exchange losses plus the dollar cost of unsalable foreign currencies. The appropriated funds will be turned over to the Secretary of the Treasury to retire outstanding indebtedness, thus permitting USIA to make IMG borrowings in an equivalent amount within the present ceiling after payment of interest charges due.

Through the annual replenishment of the IMG capital fund by appropriation, Congress will retain control over the extent of the program. At the same time the revolving feature will provide assurance of continuity to American exporters participating in the program.

The IMG program is an important adjunct to the work of USIA. It makes available in countries that lack dollars a great variety of informational materials privately produced in the United States. The small loss suffered by the Government is more than compensated for by the greater circulation of important materials in countries that otherwise would not have access to them.

USE OF PUBLIC LAW 480 CURRENCY FOR SCIENCE (SEC. 502 (L))

The Senate amendment amended section *104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Pub-

lic Law 480), by adding a provision authorizing the use of Public Law 480 currencies for scientific activities. Under the provision, Public Law 480 currencies could be used to collect, collate, translate, abstract, and disseminate scientific and technological information. They could also be used to conduct and support scientific activities overseas, including programs of scientific cooperation between the United States and other countries. Such cooperative projects and programs would include coordinated research against disease. The House bill contained no similar provision.

The managers on the part of the House receded and accepted the Senate provision.

Recent events have demonstrated the need for increased emphasis on scientific activities. There is an urgent need for translations and abstracts of scientific articles and books, both in the United States and abroad. This section will help meet that need. Furthermore, this provision will result in the United States, through cooperative activities, securing the benefits of increased scientific activity and research abroad. It will help in eliminating diseases common to all mankind and those which are common to particular regions.

The provision does not in itself make funds available to any agency of the United States. It authorizes the use of Public Law 480 currencies for the purposes stated but leaves to the President the question as to which executive agency will administer the program.

WORLD HEALTH ORGANIZATION RESEARCH (SEC. 502 (M))

The Senate amendment amended the act of June 14, 1948, as amended, concerning United States participation in the World Health Organization, by adding a new section 6, declaring it to be the policy of the United States to continue and to strengthen mutual efforts among nations for research against diseases, such as heart disease and cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases.

The House bill did not contain a provision on this subject.

The managers on the part of the House accepted the Senate amendment. There did not appear to be any basis for disagreement with the objectives of this provision. It involves only matters of direction and of emphasis of existing operations, and it does not call for any additional expense.

The committee of conference recognized the advantages to be derived if in these and other health programs the Executive by appropriate regulation take fullest advantage of the psychological value of the American origin of effective medicines.

JOINT ASSISTANCE PROGRAMS IN WESTERN HEMISPHERE (SEC. 503)

The Senate amendment contained a provision expressing the sense of Congress that the President should, pursuant to the provisions of the Mutual Security Act and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development. The House bill contained no language on this subject.

The committee of conference accepted the Senate language as indicative of continued congressional encouragement to the executive branch to explore every means available in carrying out the objectives expressed in the Senate language.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,

Managers on the Part of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. TALLE (at the request of Mr. ARENDS), for an indefinite period, on account of accidental injury.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. MOULDER, for 10 minutes, today, and to revise and extend his remarks.

Mr. REUSS, for 10 minutes, today, and to revise and extend his remarks.

Mrs. KNUTSON, for 10 minutes, today.

Mr. PORTER, for 15 minutes, on tomorrow.

Mr. CURTIS of Missouri (at the request of Mr. ARENDS), for 1 hour Tuesday, June 24.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. DAVIS of Tennessee and include an editorial.

Mr. WILLIAMS of Mississippi in three instances and include extraneous material.

Mr. REUSS in four instances and include extraneous material.

Mr. BARTLETT in seven instances and include extraneous material.

Mr. PATMAN, at the end of the proceedings today and tomorrow and include extraneous material.

Mr. PRICE in five instances, in each to include extraneous material.

Mr. KLUCZYNSKI and include an editorial.

Mr. HARRIS (at the request of Mr. ROBERTS), at the close of business today in the body of the RECORD.

Mr. ROBERTS.

Mr. BYRNE of Illinois and include an editorial from the Chicago Daily News.

Mr. ARENDS and include a memorandum prepared by Mr. Lawrence Sullivan, Coordinator of Information.

Mr. HOFFMAN in two instances, in each to include relevant material.

Mr. HOSMER in three instances, in each to include relevant material.

Mr. McCORMACK in four instances, in each to include related matter.

Mr. HILLINGS (at the request of Mr. ARENDS) in four instances and to include extraneous matter.

Mr. VAN ZANDT (at the request of Mr. JOHANSEN) in two instances and to include extraneous matter.

Mr. JOHANSEN and to include an editorial.

Mr. ROOSEVELT and to include a statement.

Mr. Celler (at the request of Mr. ASPINALL) in five instances and to include extraneous matter.

Mr. ANFUSO (at the request of Mr. ASPINALL) in two instances and to include extraneous matter.

Mrs. GREEN of Oregon (at the request of Mr. ASPINALL) in two instances and to include extraneous matter.

Mr. HOLIFIELD and to include extraneous matter.

Mr. TUCK in two instances and to include extraneous matter.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3335. An act to provide for a National Cultural Center which will be constructed, with funds raised by voluntary contributions, on a site made available in the District of Columbia; to the Committee on Public Works.

S. 3680. An act to provide for participation of the United States in the World Science-Pan Pacific Exposition to be held at Seattle, Wash., in 1961, and for other purposes; to the Committee on Foreign Affairs.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2224. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, regarding advertised and negotiated disposals of surplus property.

ADJOURNMENT

Mr. ASPINALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 2 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 24, 1958, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2049. A communication from the President of the United States, transmitting a proposed indefinite appropriation and draft of proposed provisions pertaining to increased pay costs for the fiscal year 1958 (H. Doc. No. 409); to the Committee on Appropriations and ordered to be printed.

2050. A communication from the President of the United States, transmitting amendments to the budget for the fiscal year 1959 involving an increase in the amount of \$11,370 for the legislative branch (H. Doc. No. 410); to the Committee on Appropriations and ordered to be printed.

2051. A letter from the chairman, House Committee on Agriculture, relative to executive communication No. 2042, dated June 18, 1958, relating to plans for works of improvement pertaining to Antelope Creek, Nebr., Bear, Fall, and Coon Creeks, Okla., and Auds Creek, Tex., pursuant to section 2 of the Watershed Protection and Flood Prevention Act, as amended; to the Committee on Appropriations.

2052. A letter from the Attorney General, transmitting a report on an overobligation of the allotments under the appropriation "Salaries and expenses, Bureau of Prisons" for the first and second quarters of the fiscal year 1958, by the Budget Officer, Bureau of Prisons, pursuant to subsection (i) (2) of section 665, title 31, United States Code; to the Committee on Appropriations.

2053. A letter from the Chairman, Federal Home Loan Bank Board, transmitting the annual report of the Federal Home Loan Bank Board for the year ending December 31, 1957, pursuant to the Federal Home Loan Bank Act, as amended; to the Committee on Banking and Currency.

2054. A letter from the Deputy Manager, Development Loan Fund, relative to the establishment of a loan of not to exceed \$12 million from the Development Loan Fund to the Government of the Kingdom of Greece has been authorized, pursuant to

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 25, 1958
For actions of June 24, 1958
85th-2d, No. 104

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HIGHLIGHTS: Senate committee agreed to report original farm bill. Sen. Stennis opposed reductions in cotton acreage allotments. Rep. Johnson explained proposed self-help dairy stabilization program. Mutual security authorization bill returned to conference. House committee reported bill to authorize training of Federal employees at outside facilities. Sen. Humphrey introduced and discussed measure to extend special milk program for 60 days.

HOUSE

- 1. APPROPRIATIONS.** Received the conference report on H. R. 12428, the State-Justice and related agencies appropriation bill for 1959 (H. Rept. 1980). pp. 10928-929
Conferees were granted until midnight June 24, to file a report on H. R. 11574, the independent offices appropriation bill for 1959. p. 10919
Passed with amendment H. R. 13066, the legislative branch appropriation bill for 1959. pp. 10919-928
Reps. Bow and Passman charged that there "is a growing tendency of other branches of government, particularly the executive branch of the Government in its attempt to pressure the Congress of the United States in its decisions," particularly with regard to appropriations. pp. 10921-922
- 2. PERSONNEL.** The Post Office and Civil Service Committee reported with amendment S. 385, to authorize the training of Federal employees at public or private facilities (H. Rept. 1951). p. 10993

Rep. Porter stated that ICA has followed a policy of "making employment contingent on political clearance," but he has been assured that employment "is based on individual qualification and merit," and inserted numerous articles and letters discussing the matter. pp. 10976-982

3. FOREIGN AID. At the request of Rep. Morgan the conference report on H. R. 12181, the mutual security authorization bill, was returned to conference, with permission until midnight Wed., June 25, to file a new conference report on the bill. p. 10976
4. PUBLIC WORKS. Received the conference report on S. 3910, the rivers and harbors and flood control authorization bill (H. Rept. 1982). pp. 10934-943
5. ELECTRIFICATION. The Joint Committee on Atomic Energy ordered reported clean bills in lieu of S. 3788 and H. R. 12459, authorizing appropriations for certain Atomic Energy Commission activities including the cooperative power reactor demonstration program. p. D587
6. DAIRY PROGRAM. Rep. Johnson urged support for the proposed self-help dairy stabilization program contained in the omnibus farm bill, H. R. 12954, and inserted a statement of questions and answers he had prepared explaining the proposed program. pp. 10972-974
7. FOREIGN TRADE; SURPLUS COMMODITIES. Rep. Reuss discussed the effects of the Public Law 480 program on other countries, stated that "other friendly countries -- including some of the best friends that we have -- have been turned away from us by the way the act has been administered," and inserted statements of the reactions of other countries toward the program. pp. 10974-976
8. TRANSPORTATION TAXES. Several Representatives urged adoption of a Senate amendment to H. R. 12695, the excise-tax rate extension bill, which would repeal the tax on transportation. pp. 10917, 10971, 10972
9. CIVIL DEFENSE. The Armed Services Committee reported without amendment H. R. 12827, to extend certain emergency powers of the FCDA until June 30, 1962 (H. Rept. 1956). p. 10993
10. MILITARY CONSTRUCTION. The Armed Services Committee reported with amendment H. R. 13015, to authorize construction at military installations (H. Rept. 1957). p. 10993

SENATE

11. FARM PROGRAM. The Agriculture and Forestry Committee agreed to report an original farm bill, "containing: (1) alternative price support programs for cotton, (2) minimum acreage and discretionary price supports between 75 percent and 90 percent for rice, and (3) price supports for corn at 90 percent of the average price for the three preceding calendar years, with no production controls." p. D583
12. COTTON ACREAGE. Sen. Stennis spoke against further reductions in acreage allotments for cotton, and urged that each cotton farmer be assured of the same acreage in 1959 as in 1958, and that future increases in allotments be distributed "equally" among producers. He indicated his willingness to agree to reduced price supports, and urged that a group of Congressmen talk to the President about this matter. Sen. Yarborough concurred. pp. 10853-5

EFFECT ON CANADA'S WHEAT EXPORTS

Another example of the disturbance caused to Canadian foreign trade occurs in the case of barter. In the 6-month period ending July 1, 1957, we negotiated more than \$125 million of barter contracts, a large proportion in wheat. Following May 1957, the Department of Agriculture ended the barter program, so that only \$3 million in barter contracts were negotiated in the last 6 months of 1957. During this last 6 months of 1957, United States sales of wheat under barter agreements declined markedly, but Canadian sales of wheat for export regained almost all the 50 million bushels of annual reports which had previously been lost.

These two examples show quite clearly how Canada's wheat exports declined when the United States stepped up its Public Law 480 activities, and recovered when Public Law 480 activities were reduced. H. R. 12954, in addition to renewing the general Public Law 480 authority, specifically directs the vigorous resumption of the barter program. Unless something is done to cushion this impact, therefor, Canada is shortly going to feel the effect of our export surplus operation again.

WHAT CANADIANS SAY

It is not surprising that these activities have evoked protest from our good neighbor to the north. In the June 17, 1958, budget message before the Canadian House of Commons, the Honorable Donald M. Fleming, Minister of Finance, said:

United States agricultural policies continue to be severely damaging to Canadian interests. Apart from direct restrictions imposed on Canadian agricultural products, we suffer severe harm from United States surplus disposal activities. Massive United States disposal of wheat and other grains on give-away or subsidized terms have done serious damage to Canadian exports in some of our best commercial markets. Despite frequent and energetic Canadian complaints, these harmful practices have continued. We find it difficult to understand why the United States should treat its best customer and friendly neighbor in this way. We have made it clear to the United States authorities that measures which add to our difficulties in selling in the United States market or in third countries cannot but impair our ability and willingness to import from them.

In the same vein, the Honorable Gordon Churchill, Canadian Minister of Trade and Commerce, said in the Canadian Journal of Commerce on May 22, 1958:

Canadians have taken strong objection to the policies adopted by the United States in disposing of surplus farm products. This program has resulted in a direct loss of part of Canada's world market for wheat. The main criticism of this program has been the extent to which the disposal of wheat on concessional terms has disrupted or destroyed normal commercial markets for wheat. Canada feels that this type of action which partly alienates markets for years to come is not conducive to sound world trading relations in general. There has been some improvement in this regard in recent months, but Canada simply cannot compete for world agricultural markets against the United States disposal program, backed as it is by the wealth of the United States.

The importance of our surplus disposal policy to Canada is indicated by an article in the April 1958 Foreign Affairs, by Michael Barkway, Ottawa correspondent of the Toronto Financial Post:

A current list of Canadian complaints about the United States policy can be compiled easily, and partly according to taste. It must include the farm products disposal program, which seriously cut into Canadian wheat markets last year.

AMBASSADOR MERCHANT'S VIEWS

Our own Ambassador to Canada, Livingston Merchant, said in a speech early this year:

When I came to Ottawa 2 years ago, I did not believe that, as the problems multiplied and became more complex, the atmosphere itself might change and with the change solutions become more difficult. But this I now believe may be happening. There have been for a year or more signs of a change in mood or climate which it behooves both our countries to look at.

Mexico has also protested many times against the application of Public Law 480. Mexico's number one export crop, constituting 30 percent of her exports, is cotton. Since 1956, when our cotton exports under Public Law 480 began markedly to expand, Mexico's exports of her own cotton to such countries as Italy, Spain, France, Belgium, the United Kingdom, and Japan have declined by more than one-third.

THE AUSTRALIAN REACTION

Or take Australia. A considerable portion of Australia's foreign trade is the sale of wheat to India. Under Public Law 480, the United States and India in August, 1956, announced an agreement to finance the sale of 130 million bushels of American wheat to India for \$200 million. Payments were to be made in rupees, of which 15 percent was to be made available to India as an outright grant, and 65 percent loaned to India for 40 years at a low interest rate. The chairman of the Australian Wheat Board, John Teasdale, wrote in the Farmers Weekly, October 11, 1956, that:

The United States is using the powers granted by Congress' Public Law 480 to dump primary products in other countries. The terms of sales, financial considerations and ethics of fair trade are being made subservient to the desperate desire to shift the responsibility for the care-taking and storing of products to countries other than the United States of America.

Before the Australian Federal Parliament on October 4, 1956, the Australian Minister for Trade, John McEwen, charged that Australian export prospects for wheat would be disturbed by the Indian arrangement. In a speech to the Australian National Catholic Rural Movement in April 1956, T. V. Strong, Director of the Australian Bureau of Agriculture Economics, said:

The dumping policy of the United States has been the most demoralizing in the history of international trade.

I have received from J. Bevan Todd, commercial counselor of the Australian Embassy here, a statement on June 5, 1958, of the attitude of the Australian Government toward surplus disposal:

The attitude of the Australian Government to the disposal of surplus agricultural prod-

ucts has been clearly stated, and in general may be summarized as follows:

(a) Australia recognizes that the problem of surplus production is, in many respects, a result of the great efforts made by United States agriculture to meet the special problems of war and postwar food shortages.

(b) Australia appreciates the fact that the United States has made substantial progress toward restoring a reasonable balance between production and market opportunities for a number of commodities. However, despite certain legislation, including the Soil Bank program, for a number of other commodities the solution of the fundamental problem of excess production does not seem to be in sight. Parity prices tied to levels of stocks seem to be self-defeating as far as balancing production and consumption is concerned.

(c) The fact remains that existing stocks of surplus farm products constitute a continuing threat to the stability of world trade in these products.

(d) Australia has never sought to deny these surplus products entry into world trade channels. Nor has it tried to obstruct their disposal on generous concessional terms for consumption by needy people who would not otherwise be able to purchase like commodities under commercial trading conditions. But Australia does seek to insure that surpluses will be moved under conditions that will result in the least possible disturbance to regular commercial marketings, whilst at the same time creating, if possible, an additional demand for the products.

(e) Australia considers that undue disturbance of commercial trade can be avoided only if the parties to a concessional disposal transaction afford other countries, whose interests are likely to be affected, the opportunity for effective consultations. To be effective, such consultations must represent far more than advice that a disposal transaction is being negotiated. They must provide for the transmission of information concerning the proposal in sufficient detail and in sufficient time for the interested country to examine the proposal usefully, and to make known its views to the parties of the proposal. Above all, the whole procedure of consultations can serve no purpose unless the representations made in the course of consultations are given full and genuine consideration by the country disposing of the surpluses.

PERU'S POSITION

Here is what the delegation from Peru to the International Cotton Advisory Committee had to say at the 1957 meeting of the International Cotton Advisory Committee:

Due to the importance of cotton in the national economy, the preoccupation not only of the Peruvian Government but also of the cotton producers and all economic circles of the country is entirely justified, regarding the program of excess production and exports of this fiber as well as other measures to protect producers adopted by the Congress and Government of the United States. In particular, this preoccupation is concentrated on the dumping of enormous quantities of excess production in the world markets (about 7 million bales in 1956-57, and probably 5 million bales in the 1957-58 season), and also sales made to countries which habitually purchase cotton from Peru, such as Chile, payable in local currency and at long terms.

We are considering the renewal of Public Law 480 at a time of renewed world tension, at a time when we need to keep every good friend we have. Certainly there are plenty of opportunities for us to dispose of our farm surpluses by selling them for local currency, which

we then lend back to the buyer, or by swapping them for strategic materials, without unduly undercutting the normal trade expectancies of friendly countries. Our friends and allies deserve something better from us than a policy of beggar thy neighbor.

What shall it profit this country if we empty our surplus warehouses, in return for some I O U's of remote value, if in the process we lose our best friends?

THE AMENDMENT

When H. R. 12954 comes to the House floor, as it will in the next day or two, I intend to offer an amendment which will add to the existing policy declarations of section 2 of Public Law 480 the following:

It is further the policy of Congress to take reasonable precautions to avoid displacing usual marketings of friendly countries.

If injustices have been done our neighbors under our surplus disposal so far, this amendment will put a stop to them. To those who may be tempted to argue in opposition to the amendment that no usual marketings of friendly countries have in fact been displaced, it can be answered that adoption of the amendment will then cause no change in the program.

I hope that a majority of Members will join me in demonstrating that the United States is willing to take the interests of its free-world neighbors into account.

CORRECTION OF ROLL CALL

Mr. TOLLEFSON. Mr. Speaker, on rollcalls 87 and 88 I am not recorded. I ask unanimous consent that the permanent RECORD be corrected to show that on rollcall 87 I voted "no" and on rollcall 88 I voted "aye."

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

MUTUAL ASSISTANCE LEGISLATION

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the conference report on the bill (H. R. 12181) be re-committed to the Committee on Conference.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BUDGE. Mr. Speaker, reserving the right to object, will the gentleman inform us what that report is?

Mr. MORGAN. Mutual security.

Mr. BUDGE. Would the gentleman inform me whether or not it is the intention of the conferees on the part of the House to remove therefrom the language which permits the appropriation of funds, which was not in the bill as it went to the House?

Mr. MORGAN. Yes. We are going back to conference on that subject.

Mr. BUDGE. I appreciate the reassurance of the gentleman and I wish to advise that if that language is not deleted it is my purpose to make a point of order against it.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. MORGAN]?

There was no objection.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the managers have until midnight tomorrow night to file a conference report on the bill H. R. 12181.

The SPEAKER. Is there objection? There was no objection.

TAKING POLITICS OUT OF THE ICA

The SPEAKER. Under previous order of the House, the gentleman from Oregon [Mr. PORTER] is recognized for 15 minutes.

(Mr. PORTER asked and was granted permission to revise and extend his remarks and include extraneous matter.)

Mr. PORTER. Mr. Speaker, if a person wants a job with ICA today does he or she have to get a clearance through the Republican Party? Not long ago this was a disgraceful fact. The International Cooperation Administration performs vital services for our national welfare and security the world around. Its overseas program of technical assistance in underdeveloped areas means a great deal more to our Nation than the most fearsome nuclear weapon.

ICA today provides that irreplaceable friendly weapon—human contact on a sharing basis, not as defender or aggressor. I have always felt that the United States, given a chance, would discover it has an abundance of such capable and qualified good will ambassadors.

Yet, when I came to this Chamber and started work as a Member of the 85th Congress it was not long before I learned what I had suspected—that the personnel policy of the International Cooperation Administration contained an unwritten proviso making employment contingent on political clearance.

My purpose in reporting to my colleagues at this time is to say that I have been informed by the Director now in charge of the agency that this sort of practice has been eliminated. I have been assured that ICA recruitment and hiring today is based on individual qualification and merit. Today there is no political test for ICA jobs, with the possible exception of mission chiefs and deputy mission chiefs.

In other words, Mr. Speaker, the men and women who represent us abroad are being selected without regard to political affiliation.

Today there should be no reason for a man distinguished in city administration and encouraged to apply for an overseas post to learn several months later that the central committee of the political party to which he did not belong had been asked to give him clearance. I learned of this in November of 1956 when the gentleman in question wrote to me:

In all seriousness, I would kind of like to find out why the blackball, unless it was politics which would be understandable, though deplorable in my opinion as being a guiding factor in filling this type of position, which is after all, an arm of our bi-

partisan foreign policy. I would greatly appreciate any assistance you might give me in this matter.

After being sworn into this Congress, I looked into the case. My research assistant was told by an assistant in ICA that "apparently" someone dropped the ball. The ICA spokesman said that "apparently" there was a political consideration involving my constituent's consideration and that the ICA recruiter had understood the constituent would not be available for any ICA position until after the 1956 general elections. This was untrue. My constituent was not a candidate.

On June 8, 1957, my constituent received a letter from Betty R. Crites, special assistant, personnel, office of the Deputy Director for Management, ICA. It said, in part:

Subsequent to a discussion with Congressman PORTER's office, and in reply to your recent letter to Mr. Ahern, we are pleased to know of your continued availability, and will certainly be in touch with you in connection with any appropriate openings.

There had never been any doubt in the mind of my constituent as to availability.

This sort of dilatory procedure on the part of the agency was perplexing. For several months I considered ways of tackling the problem. I talked with individuals who were familiar with the agency. On January 30 of this year I wrote my constituent:

On May 9 last year you wrote me about "political blackballs" in connection with your interest in an ICA job. I have more reason than ever to think that such influences may be determinative in this agency and I intend to get my teeth into the problem. Certainly we have to spend our money overseas wisely and tests for our personnel should be objective, not a matter of political affiliations.

By return mail, I learned that my constituent was disgusted with the delay by ICA and had little intention of considering employment with the agency, but felt "an investigation of employment practices in ICA might be most interesting." I agreed.

I could cite other samples of the then-active personnel policy of the agency. I could tell you that one longtime hill staffer, of the other political party, advised one of my staff members that a constituent of mine need not seek ICA employment if he were not a Republican. This off-the-cuff remark, honestly intended to be helpful and friendly, was clear indication the agency policy needed correction.

Since February of this year I have talked with ICA employees in various levels. Most of these talks resulted in confirmation of my suspicions.

But, I found, too, that Director James H. Smith, Jr. who became agency head last October 8, had been unaware of the "clearance" custom on applicants. I believed Mr. Smith when he told me this.

Not much later, I learned from Director Smith directly that he had banished the "clearance" system. Miss Crites, brought in by Harold Stassen to clear appointments, resigned to enter private business. My constituents now

"The Director of the Bureau of the Budget also indicated that, as a general policy, the Bureau will not approve any new budget request for training authority to be included in appropriation acts in any year after the year in which this bill is enacted. This is in accordance with the purpose and intent of the bill and the policy of the committee.

"The matter of cost was given primary consideration throughout the committee deliberations in recognition of the importance of preventing in advance any mushrooming of costs or expansion of payrolls whenever approving a new program -- a matter in which the Congress always is directly concerned."

3. FOREIGN AID. Received a revised conference report on H. R. 12181, the mutual security authorization bill (H. Rept. 2038). (pp. 11109-118) See Digest 103 for items of interest to this Department.
4. CIVIL DEFENSE. Passed without amendment H. R. 12827, to extend the standby emergency authorities of FCDA until June 30, 1962. pp. 11121-122
5. TAXATION. Received the conference report on H. R. 12695, to extend for 1 year the corporate normal-tax rate and certain excise tax rates, and to repeal the tax on transportation. The Senate agreed to the report earlier. pp. 11145-146, 11221-223 (H. Rept. 2025)
Reps. McCarthy and Saylor urged repeal of the tax on transportation. pp. 11177, 11180
6. TRAVEL EXPENSES. Passed under suspension of the rules H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage. pp. 11168-169
7. ROADS. Passed as reported H. R. 12776, to revise and codify title 23 of the U. S. Code, entitled "Highways." pp. 11169-170
8. PROPERTY. The Government Operations Committee reported without amendment H. R. 12165, to extend for 2 years the period for which payments in lieu of taxes may be made with respect to certain real property transferred by RFC and its subsidiaries to other Government Departments (H. Rept. 2024). p. 11184
9. TRANSPORTATION. H. R. 12832, the omnibus transportation bill, as reported by the Interstate and Foreign Commerce Committee (see Digest 100) freezes the so-called agricultural exemption from motor-carrier regulation by the Interstate Commerce Commission to the present list of exemptions, except for a roll-back on frozen fruits, frozen berries, frozen vegetables, coffee, tea, cocoa, hemp, wool imports, and certain categories of domestic wool (i.e., these articles would no longer be exempt). The committee report contains the following statement regarding this provision:
"Regulated carriers are handicapped in their competition with non-regulated carriers for traffic in exempt agricultural commodities. The unregulated carriers are not subject to ICC operating authority, control, rate regulation, rules requiring equal treatment to shippers, areas and commodities, and rules requiring insurance and claims responsibility to which all regulated carriers are subjected. The nonregulated carriers can pick and choose whatever traffic they desire and establish their rates at whatever levels they wish without making them public and without considering whether the charges are reasonable or nondiscriminatory, as required by regulated carriers. As a consequence, large and ever-increasing

volumes of important agricultural commodities and seafood previously handled by regulated carriers, both rail and truck, have been diverted to the exempt truckers and the diversion continues. The impact upon the regulated carriers is already serious. The removal of further classes of traffic from the regulated category is threatened by the trend of administrative and judicial determinations, expanding the scope of the exemption.

"If the Supreme Court's 'continuing substantial identity' test continues to be applied literally by the courts, it is conceivable that a considerable number of other commodities will be held to be exempt, such as canned fruits and vegetables which are processed at large industrial plants rather than by farmers. It is important that this trend be halted before the position of the regulated carriers is more seriously impaired. The committee, therefore, recommends a freezing, with a slight rollback, of the agricultural exemption in accordance with ruling No. 107, March 19, 1958, Bureau of Motor Carriers of the Interstate Commerce Commission. This amendment would halt further expansion of the scope of the exemption, and it would return to economic regulation the transportation of frozen fruits, frozen berries, frozen vegetables, coffee, tea, cocoa, hemp, imported wool and certain categories of domestic wool. The transportation of cooked fish or shellfish, now subject to regulations is made exempt from such regulation. It is not intended that this exemption shall apply to fish or shellfish which have been treated for preserving such as canned, smoked, salted, pickled, spiced, corned or kippered products.

"Any person engaged on June 1, 1958, in trucking the aforementioned commodities which are returned to regulation by this amendment would be entitled upon application to a certificate or permit allowing him, under regulation, to continue hauling the same commodities within the same areas or between the same points."

10. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park. (H. Rept. 2032). p. 11184
11. TOBACCO. The Tobacco Subcommittee of the Agriculture Committee ordered reported H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum. p. D601
12. MINING. A subcommittee of the Interior and Insular Affairs Committee ordered reported with amendment S. 3199, to specify the period for doing annual assessment work on unpatented mineral claims. p. D602
13. WILDLIFE. A subcommittee of the Merchant Marine and Fisheries Committee ordered reported with amendments S. 2617, to authorize the purchase by the Secretary of the Interior of wetlands and small areas for migratory bird sanctuaries from funds collected from the sale of Migratory Bird hunting stamps, and S. 2447, to authorize studies by Interior of the effects of insecticides upon fish and wildlife. p. D602
14. MINERALS; WATER RESOURCES. Passed under suspension of the rules H. R. 11123, to authorize Interior to perform surveys, investigations, and research in geology, biology, minerals and water resources. pp. 11161-162
15. FOREIGN CONSTRUCTION. Received from the Government Operations Committee a report "pertaining to foreign-aid construction projects" (H. Rept. 2012). p. 11184

MUTUAL SECURITY ACT OF 1958

JUNE 26, 1958.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 12181]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1958"*.

SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: "This Act is divided into chapters and titles, according to the following table of contents:

"TABLE OF CONTENTS

"CHAPTER I—MILITARY ASSISTANCE

"CHAPTER II—ECONOMIC ASSISTANCE

"Title I—Defense Support

"Title II—Development Loan Fund

"Title III—Technical Cooperation

"Title IV—Special Assistance and Other Programs

"CHAPTER III—CONTINGENCY FUND

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended

by striking out "1958" and "\$1,600,000,000" and inserting in lieu thereof "1959" and "\$1,605,000,000", respectively.

PROCUREMENT PROGRAMS RELATING TO MILITARY ASSISTANCE

SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, is amended by inserting immediately before the period at the end thereof the following: ", including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area".

POLICY ON MILITARY ASSISTANCE TO AMERICAN REPUBLICS

SEC. 103. Paragraph (4) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to military assistance to American Republics, is amended by adding the following sentences at the end thereof: "The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics."

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1958" and "\$750,000,000" and inserting in lieu thereof "1959" and "\$810,000,000", respectively.

UTILIZATION OF FUNDS IN SPECIAL ACCOUNTS

SEC. 202. Paragraph (iii) of subsection (b) of section 142 of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: "": Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: Provided further, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000".

DEVELOPMENT LOAN FUND

SEC. 203. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and

supervision of the President, a body corporate to be known as the 'Development Loan Fund' (hereinafter referred to in this title as the 'Fund') which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate."

(2) In subsection (b), strike out all preceding "is hereby" in the first sentence and substitute "The Fund"; strike out "he" in the first sentence and substitute "it"; strike out "and (3)" in the first sentence and substitute "(3)"; insert before the period at the end of the first sentence ", and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved"; strike out "from" in the second sentence and substitute "by"; insert after the third sentence "The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund."; and strike out the last two sentences and substitute the following new sentence: "The President's semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title."

(b) Amend section 204, which relates to fiscal provisions, as follows:

(1) In subsection (b), substitute "Fund" for "President" in the first sentence and strike out "against the Fund" in that sentence; change "authorized" to "made available" in the second sentence; and insert "assets of the" before "Fund" in the third sentence.

(2) Strike out subsection (c) and substitute the following:

"(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended."

(c) Amend section 205, which relates to powers and authorities, as follows:

(1) Insert "MANAGEMENT," before "POWERS" in the heading of the section.

(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the 'Board') consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal

bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

"(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law."

(3) In subsection (c):

(i) Strike out all in the first sentence preceding ":", enter into" and substitute "The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may";

(ii) Strike out "may be deemed" in the first clause of the first sentence and substitute "it may deem";

(iii) Strike out "under this title" in the fourth clause of the first sentence and substitute "of the Fund";

(iv) Strike out "the Manager of" in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

(v) Insert after the seventh clause of the first sentence, following "collection," the following: "adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government;"

(vi) Strike out all following "operation" in the last clause of the first sentence and substitute " , or in carrying out any function."

(vii) Insert the following new sentence after the first sentence of the subsection: "Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress."

(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act."

TECHNICAL COOPERATION

SEC. 204. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$151,900,000" and insert in lieu thereof "\$150,000,000 for use beginning in the fiscal year 1959".

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Insert "AND RELATED PROGRAMS" after "COOPERATION" in the heading of the section; insert "and this Act" after "title" in the first sentence; and insert "and related" after "cooperation" in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out "\$15,500,000 for the fiscal year 1958" and substitute "\$20,000,000 for the fiscal year 1959"; insert "and such related fund as may hereafter be established" after "Assistance"; and in the proviso change "to this program" to "for such purpose" and after the word "contributed" the first time it appears, strike the remainder of the subsection and insert "for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year."

(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1958" and substitute "1959".

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is further amended as follows:

(a) In subsection (a) of section 400, which relates to special assistance, strike out "1958" and "\$250,000,000" in the first sentence and insert in lieu thereof "1959" and "\$202,500,000", respectively; and strike out all following "stability" in the first sentence and all of the last sentence and insert a period.

(b) In section 402, which relates to earmarking of funds, strike out "1958" in the first sentence and substitute "1959".

(c) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section:

"SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 400 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded."

(d) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out all following "fiscal year" and substitute "1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate."

(2) In subsection (d), strike out "1958" and "\$5,500,000" and substitute "1959" and "\$8,600,000", respectively.

(e) In section 406, which relates to children's welfare, strike out "1958" and substitute "1959".

(f) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: Provided, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees."

(g) In section 409 (c), which relates to ocean freight charges, strike out "1958" and "\$2,200,000" and substitute "1959" and "\$2,100,000", respectively.

(h) In section 410, which relates to Control Act expenses, strike out "1958" in the first sentence and substitute "1959".

(i) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1958" and "\$32,750,000" and substitute "1959" and "\$33,000,000", respectively; and insert "and title II of chapter II" immediately before the close of the first parentheses;

(2) In subsection (c), insert "functions of the Department under this Act or for" before "normal".

(j) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out "the agency primarily" and substitute "an agency"; insert immediately before the semicolon at the end of subparagraph (E) the following proviso: "Provided, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced"; and insert after "Director of the International Cooperation Administration" both times it appears in subparagraph (F) "or such other officer as the President may designate".

(2) Insert the following new subsection:

"(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States."

(k) At the end of section 414 (b), which relates to munitions control, add the following: "Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to

similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture."

(l) *In section 419 (a), which relates to atoms for peace, strike out "1958" and "\$7,000,000" in the second sentence and substitute "1959" and "\$5,500,000", respectively.*

(m) *In section 420, which relates to malaria eradication, insert after the word "authorized" in the second sentence "to use funds made available under this Act (other than chapter I and title II of chapter II)"; insert immediately before the period at the end of the second sentence the following proviso: "Provided, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II"; and strike out the last sentence.*

CHAPTER III—CONTINGENCY FUND

PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND

SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (12) (B) of section 501 of this Act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

(a) *Insert "AND CONTINGENCY FUND" after "AUTHORITY" in the heading of this section.*

(b) *Subsection (a) is amended as follows:*

(1) *In the first sentence, insert "for use" after "made available"; strike out "such use by section 400 (a) of this Act" and substitute "use under this subsection by subsection (b) of this section"; strike out "pursuant to authorizations contained in" and substitute "for use under"; and*

(2) *In the second and last sentence strike out "section" both times it appears and substitute "subsection".*

(c) *Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):*

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$155,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section."

(d) *In the last sentence of subsection (c), insert "subsection (a) of" after "under".*

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

GENERAL PROVISIONS

SEC. 401. The chapter designated by paragraph (16) of section 501 of this Act as chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is further amended as follows:

(a) *Section 502, which relates to use of foreign currencies by committees of the Congress, is amended by striking out the proviso in subsection (b) and inserting the following: "Provided, That each member or employee*

of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate."

(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: "Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended)."

(c) Section 510, which relates to purchase of commodities, is amended by striking out "title II or" in the first sentence.

(d) Add the following new sections immediately after section 515:

"SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: Provided, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

"SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 400 (a)—

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably

be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans."

(e) Amend section 527, which relates to the employment of personnel, by adding the following new subsection, such amendment to take effect nine months after the date of enactment of this Act:

"(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions."

(f) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out "for the fiscal year 1958"; in subsection (c), strike out "Not to exceed \$18,000,000" and substitute "Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000", and add the following new clause before the period: ", and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere"; and add the following new subsection:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs."

(g) Amend section 543 (d), which relates to saving provisions, by striking out "Act of 1956 or the Mutual Security Act of 1957" and substituting "Act of 1956, 1957, or 1958" in the first sentence and by inserting the following new sentence after the second sentence: "Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958."

(h) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended).

(i) Amend section 545, which relates to definitions, as follows:

(1) In subsection (j), insert "the Development Loan Fund and" after "refer to" and strike out "title II,".

(2) In subsection (k), insert "the Board of Directors of the Development Loan Fund and" after "refer to" and strike out "title II,".

CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954; AMENDMENTS; AND WESTERN HEMI-SPHERE COOPERATION

REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

(1) *Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:*

"CHAPTER I—MILITARY ASSISTANCE"

(2) *Immediately above section 131, strike out the chapter heading and insert in lieu thereof the following:*

"CHAPTER II—ECONOMIC ASSISTANCE"

"TITLE I—DEFENSE SUPPORT"

(3) *In section 131 (a), strike out "chapter 1 of this title" and insert in lieu thereof "chapter I".*

(4) *In section 131 (d), immediately after "title", insert "or chapter I".*

(5) *Immediately above section 141, strike out the chapter heading.*

(6) *In section 141, immediately after "title" both times it appears insert "or chapter I".*

(7) (A) *In section 142 (a), strike out "chapter 1 of this title" each place it appears and insert "chapter I".*

(B) *In such section 142 (a), strike out "under this title" and "purposes of this title" each place they appear and insert "under chapter I or under this title", and "purposes of chapter I or of this title", respectively.*

(8) *Section 142 (b) is amended by striking out "chapter 3 of title I of this Act" and inserting in lieu thereof "this title".*

(9) *Section 144 is amended by inserting immediately after "under this title" the following: "or chapter I".*

(10) *Section 202 (b) is amended by striking out "401 (a)" and inserting in lieu thereof "451 (a)".*

(11) *Amend the heading of title IV to read as follows:*

"TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS".

(12) (A) *Immediately after section 420, insert the following new chapter heading:*

"CHAPTER III—CONTINGENCY FUND"

(B) *Section 401 is redesignated as section 451 of chapter III.*

(13) *Section 405 (d) is amended by striking out "401" and inserting in lieu thereof "451".*

(14) *Section 410 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".*

(15) *Section 411 (b) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".*

(16) *Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:*

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

(17) *Section 503 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".*

(18) (A) *Section 504 (a) is amended by striking out "titles II, III, and IV, and chapter 3 of title I," and inserting in lieu thereof "chapter II".*

(B) Section 504 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(19) (A) The first sentence of section 510 is amended by striking out "chapter 3 of title I" and inserting in lieu thereof "title I of chapter II".

(B) The third sentence of section 510 is amended by striking out "title II or chapter 3 of title I" and inserting in lieu thereof "title I or II of chapter II".

(20) Section 511 (a) is amended by striking out "title I" and inserting in lieu thereof "chapter I or title I of chapter II".

(21) Section 511 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(22) Section 513 is amended by striking out "401" and inserting in lieu thereof "451".

(23) Immediately above section 521, strike out the chapter heading.

(24) In section 521 (b), insert "of chapter II" immediately after "title III".

(25) In section 521 (c), strike out "chapter 3 of title I" and insert in lieu thereof "title I of chapter II".

(26) Sections 522 (c) and 522 (d) are each amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(27) Section 523 (c) (2) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(28) Section 524 is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(30) Immediately above section 541, strike out the chapter heading.

(31) Section 545 (c) is amended by striking out "chapter 1 of title I" and inserting in lieu thereof "chapter I".

(32) Section 545 (h) is amended by striking out "chapter 1 of title I" each place it appears and inserting in lieu thereof "chapter I".

(33) Sections 545 (j) and 545 (k) are each amended by striking out "chapter 3 of", and by inserting "of chapter II or under chapter III" immediately after "title IV".

(34) Section 549 is amended by inserting "of chapter II" immediately after "title III".

AMENDMENTS TO OTHER LAWS

SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

(1) In subsection (a) of the first section, insert the following new subparagraph after subparagraph (4):

"(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide

for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;".

(2) In subsection (e) of such section, strike "(3) or (4)" in the last sentence and substitute therefor "(3), (4), or (5)".

(3) In subsection (f) of such section, insert "or in any work under subparagraph (5) subsection (a) of this section" between "this section" and "shall not apply".

(b) In the first section of the Act of June 28, 1935, as amended (49 Stat. 425), strike out "\$30,000" and insert "\$33,000", and strike out "\$15,000" the first time it appears and insert "\$18,000".

(c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert "Development Loan Fund;" before "Institute of Inter-American Affairs".

(d) In section 2 of the Act of July 11, 1956 (70 Stat. 523), strike out all beginning with "An" down through "Conference and" and substitute "There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and".

(e) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287g) is amended by the addition of the following sentences at the end thereof: "The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: Provided, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section."

(f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes "as apportioned" is amended to read as follows: "(a) such sums as may be necessary for the payment by the United States of its share of the

expenses of the Organization, but not to exceed 25 per centum of such expenses”.

(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): “or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): Provided, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.”

(h) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words “in the Department” wherever they appear therein and by adding at the end thereof the following new sentences: “Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.”.

(i) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

“(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

“(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

“(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be

unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts."

(j) The Act of May 26, 1949, as amended (5 U. S. C. 151a-151c), relating to the organization of the Department of State, is amended as follows:

(1) In the first section, strike out "three" and insert "two".

(2) In section 2, designate the present language as "(a)" and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law resting authority in the 'Deputy Under Secretary of State for Economic Affairs' or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs."

(k) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect nine months after the date of enactment of this Act:

"(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

(l) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor."

(m) The Act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts

among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

COOPERATION IN WESTERN HEMISPHERE

SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.

And the Senate agree to the same

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,
Managers on the Part of the House.
THEODORE FRANCIS GREEN,
J. W. FULBRIGHT,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The committee of conference agreed upon an authorization of \$3,031,400,000, a reduction of \$266,500,000 from the executive branch authorization request.

The House bill authorized an appropriation of \$2,958,900,000. The Senate amendment authorized an appropriation of \$3,103,900,000 exclusive of the limitation of \$2.4 billion on military assistance and defense support contained in section 13 of the amendment. When the ceiling in section 13 of the Senate amendment was applied, the difference between the 2 Houses was \$110 million. On the basis of the individual authorizations and without regard to this ceiling, the difference between the 2 Houses was \$145 million.

The amount authorized by the committee of conference for military assistance was \$1,605 million and \$810 million for defense support. The sum of these two authorizations equaled the sum as they passed the House, although military assistance was reduced \$35 million and defense support was increased \$35 million. The Senate also receded from section 13 of its amendment which placed an overall ceiling of \$2.4 billion on the total authorization for military assistance and defense support and also authorized a Presidential transfer of not more than \$235 million between these 2 items.

The committee of conference agreed to \$202.5 million for special assistance, a reduction of \$9.5 million from the Senate figure. The Senate approved amount for the contingency fund was reduced from \$200 million to \$155 million. The Senate accepted the House figure of \$33 million for ICA administrative expenses. The net result of these adjustments was to divide equally the difference of \$145 million between the two Houses. Thus the Senate figure was reduced by \$72.5 million and the House figure increased by an identical amount.

Mutual security program for fiscal year 1959

[In thousands]

	Adminis- tration au- thorization request	House amounts	Senate amend- ment	Difference between House and Senate	Committee of con- ference
Sec. 103 (a). Military assistance.....	\$1,800,000	\$1,640,000	\$1,600,000	-\$40,000	\$1,605,000
Sec. 131 (b). Defense support.....	835,000	775,000	835,000	+60,000	810,000
Sec. 203. Development loan fund.....					
Sec. 304. Bilateral technical cooperation.....	142,000	150,000	150,000		150,000
Sec. 306 (a). United Nations technical as- sistance programs.....	20,000	20,000	20,000		20,000
Sec. 306 (b). OAS technical cooperation.....	1,500	1,500	1,500		1,500
Sec. 400 (a). Special assistance.....	212,000	185,000	212,000	+27,000	202,500
Sec. 405 (a). Intergovernmental Commit- tee for European Migration.....					
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200	1,200	1,200		1,200
Sec. 405 (d). Escapees.....	8,600	8,600	8,600		8,600
Sec. 406. U. N. Children's Fund.....	11,000	11,000	11,000		11,000
Sec. 407. Palestine refugees.....	25,000	25,000	25,000		25,000
Sec. 408. NATO civilian expenses.....					
Sec. 409 (c). Ocean freight.....	2,100	2,100	2,100		2,100
Sec. 410. Control Act expenses.....	1,000	1,000	1,000		1,000
Sec. 411 (b). ICA administrative expenses.....	33,000	33,000	31,000	-2,000	33,000
Sec. 411 (c). State administrative expenses.....					
Sec. 419 (a). Atoms for Peace.....	5,500	5,500	5,500		5,500
Sec. 451 (b). ² Contingency fund.....	200,000	100,000	200,000	+100,000	155,000
Total.....	3,297,900	2,958,900	3,103,900	+145,000	3,031,400

¹ Although the Senate amendment included \$1.6 billion for military assistance and \$835 million for defense support, a total of \$2,435 million, section 13 of the amendment limited the total authorization of these 2 items to \$2.4 billion. This section also authorized the Presidential transfer of \$235 million between military assistance and defense support in order to allow the President to apportion the reduction set by the ceiling.

² Formerly sec. 401 (b).

REORGANIZATION OF THE ACT (SEC. 501)

The House bill changed the title headings of the Mutual Security Act in order to place military assistance in a separate chapter and defense support under the economic chapter. These changes were intended to make clear that defense support although necessary for military needs was nevertheless economic assistance. Special assistance and the contingency fund were put into a new chapter because it was believed that each could include both military and economic assistance. The Senate amendment contained no similar provision.

The committee of conference accepted the House reorganization of the Mutual Security Act with an amendment. The amended version removes special assistance from the same chapter as the contingency fund and puts the former into the chapter headed "Economic Assistance." This latter change conforms to the executive branch definition that special assistance is now regarded as economic assistance necessary to achieve political, economic, or other objectives in countries where no assistance is provided in support of significant military forces, or in situations where the assistance cannot be appropriately rendered as technical assistance or from the Development Loan Fund. The contingency fund, unlike special assistance, may be used for both military and nonmilitary assistance.

AID TO INDIA

The Senate amendment added subsection (d) to section 2 of the Mutual Security Act, stating the sense of the Congress that it is in the interest of the United States to join with other nations in provid-

ing support to assist India to complete its current program for economic development.

The House bill contained no provision on this subject.

It was the view of the House conferees that since the concepts embodied in the India amendment were expressed in various sections of the Mutual Security Act it was unnecessary to make specific reference to a particular country in relation to policies already expressed in law in general terms.

MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 103)

The Senate version contained an amendment to section 105 (b) (4) requiring the President to review findings made under that section annually and to make a determination each year as to whether military assistance is necessary. Furthermore, it laid down the policy that internal security requirements should not normally be the basis for military assistance in Latin America.

The House bill contained no similar amendment.

Under the existing section 105 (b) (4) military assistance may be furnished to Latin American nations only in accordance with defense plans found by the President to require those nations to participate in missions important to the defense of the Hemisphere.

Since the amendment is in conformity with existing section 105 (b) (4) and reflects the policy expressed in that section, the managers on the part of the House agreed to the retention of the Senate language. In their opinion the amendment does not represent a change in policy except with respect to requiring an annual review by the President. Recent events tend to indicate the necessity for a restatement of the United States policy that military assistance to Latin America shall be furnished for internal security requirements only under extraordinary circumstances.

USE OF SURPLUS COUNTERPART FUNDS (SEC. 202)

The Senate version added two provisos to section 142 (b) (iii). The first proviso permitted a recipient nation to utilize those counterpart funds which are excess to United States requirements and exceed the requirements for purposes for which new funds authorized by the Mutual Security Act would be available for other purposes. Such uses would have to be agreed to by the United States and be consistent with United States foreign policy. The second proviso required that any proposed utilization of such excess amounts should be reported to the 4 appropriate congressional committees, and that such utilization should not be effective until 60 days after such reporting.

The House bill contained no provision on this subject.

The Senate amendment was proposed specifically to make it possible for the Austrian Government to make a loan to the Austrian Hilfsfond for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The executive branch had previously determined that such use of Austrian counterpart was not permitted. Present law authorizes the use of counterpart (aside from that counterpart earmarked for United States requirements) only to carry out purposes for which new funds authorized by the Mutual Security Act would

themselves be available. Since compensation to victims of Nazi persecution was not a purpose for which new funds authorized by the Mutual Security Act would be available, additional legislation was regarded necessary to permit the use of Austrian counterpart for this purpose.

The managers on the part of the House recognized the desirability of the proposed use of excess counterpart funds for this purpose. They regarded the granting of such broad authority over the use of excess counterpart as contained in the Senate amendment to be undesirable. They therefore accepted compromise language limiting the utilization of excess counterpart to the equivalent of \$4 million, the amount estimated to be expended in carrying out the program for Austria. Proposals for further utilization of excess counterpart will require approval by the Congress.

ASSISTANCE TO YUGOSLAVIA

The House bill contained an amendment to section 143 with reference to assistance to Yugoslavia prohibiting the furnishing of any assistance to Yugoslavia after 90 days unless the President had determined that (1) there has been no change in the fundamental policies on which aid to Yugoslavia is based; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) it is in the interest of national security to continue aid. The President would have been required to keep Congress continually informed of determinations under this section and of assistance to Yugoslavia. The Senate version contained no amendment to section 143.

Section 143 of the present law is substantially similar to the House provision. Section 143 requires the President to assure himself continually that (1) Yugoslavia continues to maintain its independence; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) the furnishing of assistance is in the national security interest. Under this provision the President must keep the Congress informed of assistance to Yugoslavia.

The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

STATE DEPARTMENT ORGANIZATION (SEC. 502 (j))

The Senate amendment provided for the creation of an Under Secretary of State for Economic Affairs in the Department of State and for the abolition of the Deputy Under Secretary of State for Economic Affairs.

The House bill contained no similar provision.

The committee of conference accepted the Senate language.

Although the activities of ICA are under the authority of the Department of State, the Director of ICA presently outranks the Deputy Under Secretary of State for Economic Affairs. The effect of the Senate provision is to upgrade the position of the principal economic officer in the Department of State so that he will be senior to the Director of ICA. The new position will give further emphasis

to congressional insistence that the mutual security program is an integral part of United States foreign policy and, as such, is under the immediate direction of the Department of State.

The Senate language also provides that the present Deputy Under Secretary of State for Economic Affairs, Hon. C. Douglas Dillon, may be appointed to the new office without further advice and consent of the Senate.

The Under Secretary of State will continue to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of \$22,000 per annum, while that of the Under Secretary of State is fixed at \$22,500. This difference in salary is intended to indicate clearly the subordinate position of the Under Secretary of State for Economic Affairs.

The Senate amendment also includes language that has the effect of changing the composition of the Board of Directors of the Development Loan Fund so that the new officer will replace the Deputy Under Secretary of State for Economic Affairs—a position that is abolished by the Senate amendment.

CONTRIBUTION TO UNITED NATIONS TECHNICAL ASSISTANCE PROGRAMS (SEC. 204 (b))

The House bill amended the proviso of section 306 (a) so as to provide that for the calendar year 1959 and thereafter the United States contribution to United Nations technical assistance and related programs may be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any given year.

The Senate amendment contained no provision on this subject, and left unchanged the present scale of United States contributions, which provides for 38 percent in fiscal year 1959 and 33½ percent in fiscal year 1960 and thereafter.

The committee of conference accepted the House language except for certain revisions intended to clarify the meaning of the House bill.

The managers on the part of the House were in agreement with the Senate conferees that it is desirable that other nations increase their contributions to the multilateral technical cooperation and related programs and that the United States should in due course reduce its percentage contribution.

CONTINUATION OF INTERNATIONAL DEVELOPMENT ADVISORY BOARD (IDAB)

The House bill contained a provision repealing section 308, relating to the International Development Advisory Board, but the Senate version did not repeal that section. The International Development Advisory Board, which by statute is composed of 13 members, has the duty of advising the President and the Director of the International Cooperation Administration on policy matters relating to technical cooperation, the Development Loan Fund, and the encouragement of private enterprise under the mutual security program.

The committee of conference agreed to the retention of section 308 providing authority for the continuation of the Board. Although there have been no Board members since last September, the executive

branch made a strong plea that the Board is necessary. The primary reasons for the delay in the reactivation of the IDAB were: (1) the resignation of the then Director of ICA last fall and the appointment of a new Director, and (2) the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board, particularly if the Development Loan Fund were incorporated.

The managers on the part of the House are firmly of the opinion that representatives of science should be included on the Board. It would also appear to be appropriate for the International Development Advisory Board to utilize advisory groups representing business, labor, agriculture, public health, science, and education.

PALESTINE REFUGEES (SEC. 205 (f))

The House bill authorized an appropriation of \$25 million for fiscal year 1959 for the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate amendment authorized an identical sum, but included a proviso that \$5 million of the funds appropriated for this purpose shall be used only for repatriation or resettlement of such refugees.

If the entire \$25 million were appropriated, the \$5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the \$5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of \$5 million for repatriation or resettlement.

The committee of conference agreed with the philosophy contained in the Senate proviso, namely, that the governments of the Near East take more vigorous steps to effect a solution of the refugee problem. It was recognized, however, that the critical situation in that area only makes more difficult the relocation of the refugees. Relief and rehabilitation are not only a continuing demand but are prerequisites to the success of any repatriation or resettlement program. The committee of conference is not satisfied that officials of the governments in the Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

OFFSHORE PROCUREMENT, PROTECTION OF THE UNITED STATES ECONOMY, AND STUDY OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205 (j) (2))

The House bill contained a provision entitled "Protection of the United States Economy," which would have required an annual review of operations under the program by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The purpose of the study would have been to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. Recommendations were called for.

The Senate amendment contained a section amending section 510 of the act, which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the

procurement did not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, outweighing the economic advantages to, and the national interests of, the United States of less costly procurement abroad.

The Senate version also contained a provision for a review by the Departments of State and Commerce, and other agencies of the Government, of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign policy efforts of the United States. Private enterprise would have been called upon to cooperate in the study. Recommendations would have been required from the reviewing group.

Some members of the committee of conference were strongly opposed to changes in the provisions before them. The following considerations influenced the judgment of the majority of the conferees: (1) The matters covered by the above provisions are closely inter-related; (2) over 50 percent of ICA financed procurement already takes place in the United States; and (3) the various reviews called for would be overlapping. Therefore a majority of the Senate and House members of the committee of conference agreed to eliminate the above three provisions and to substitute a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference emphasizes that the new provision envisages a study of the possible adverse effects upon the United States economy arising from operations under the mutual security program. It is contemplated that this study will be financed from the regular appropriations available to each agency participating.

MUNITIONS CONTROL (SEC. 205 (k))

The House bill contained a provision prohibiting the return to the United States, other than for the Armed Forces of the United States and its allies, of military arms or ammunition furnished to foreign governments by the United States under any foreign assistance programs of the United States.

The Senate version limited the items prohibited for import to military firearms, rather than arms or ammunition, manufactured in the United States and furnished to foreign governments under any foreign aid program. The Senate version further stipulated that it was to apply only to items imported for sale and regardless of whether the arms in question had been advanced in value in a foreign country. It also provided that the prohibition should not extend to firearms which had been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference adopted a compromise which prohibits the return to the United States for sale in the United States of any military firearms or ammunition of United States manufacture and furnished to foreign governments by the United States under the Mutual Security Act or any other foreign assistance program of the United States. The prohibition is not to apply to military firearms

or ammunition imported into the United States for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture. The foreign aid programs of the United States covered under this provision would include, among others, the lend-lease program, the Greek-Turkish assistance program, the mutual defense assistance program, and the mutual security program. The phrase "military firearms" was accepted because if the words "military arms" had been used, there was a possibility that such items as armored vehicles, spare parts for armored vehicles, and other similar items might have been included in the prohibition.

MALARIA ERADICATION (SEC. 205 (m))

The committee of conference accepted the House language, as rephrased, to make clear that the Development Loan Fund may, in accordance with the provisions of title II of chapter II, furnish assistance designed to aid the efforts of other peoples to eradicate malaria.

CONGRESSIONAL TRAVEL ACCOUNTING (SEC. 401 (a))

The House bill amended section 502 (b) to provide that local currency used by any congressional committee be charged against any amounts made available to such committee from the appropriate contingent funds, and that the use of such currency be subject to all the reporting and other requirements which apply to the expenditure of amounts made available from such contingent fund.

The Senate amendment amended section 502 (b) to require that each member or employee of any congressional committee make to the chairman of his committee an itemized listing of expenditures of foreign currency and that each committee submit a consolidated report showing the total itemized expenditures of the committee and of each member or employee thereof during the preceding calendar year to the House Administration Committee or the Senate Appropriations Committee. This report was required to be published in the Congressional Record.

The information available to the managers on the part of the House indicated that the provision contained in the House bill would require substantial modification and reorganization of the accounting procedures of the House of Representatives which would not be necessary in order to attain the objectives of an itemized accounting of foreign travel expenditures by individuals and of a public reporting of such expenditures. The House conferees, therefore, accepted the simpler language of the Senate amendment, since it appeared to attain the desired objectives. The committee of conference agreed, however, to eliminate from the Senate provision the requirement that the total itemized expenditures of each committee member or employee should be reported and published in the Congressional Record. Instead, language was accepted requiring that each member or employee of any congressional committee must report to the chairman of his committee an itemized listing of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the Committee on House Administration or the Committee on Appropriations of the

Senate and published in the Congressional Record. The provision takes effect on the date of enactment of the bill.

The committee of conference believes that foreign travel by Members of Congress should be encouraged and recognizes that the use of foreign currency funds derived from operations under the mutual security and agriculture trade development and assistance programs for this purpose in most instances makes such travel possible without cost to the United States taxpayer. Certain foreign currencies made available under these programs will not be usable in the foreseeable future by the United States for any other purpose.

The committee of conference was in agreement that congressional travel expenses should be fully accounted for and controlled and that the entire matter should be subject to further study not only by the Committees on Foreign Relations and Foreign Affairs, but by other interested committees of the Senate and the House. Such further study should include consideration of the accounting and control of congressional travel expenditures under authority other than that contained in the Mutual Security Act.

COMPLETION OF PLANS AND COST ESTIMATES (SEC. 401 (d))

The House bill added a new section 517 which prohibited the obligation of defense support, bilateral technical cooperation, and special assistance funds for projects requiring substantive technical or financial planning until necessary engineering, financial, and other plans had been completed and a reasonably firm estimate obtained of the cost to the United States of providing such assistance, and until a determination had been made that any necessary legislative action by the recipient country might reasonably be anticipated to be completed within 1 year. The new section also provided that funds obligated for assistance subject to the conditions of the section could only be used for the purpose for which originally obligated and would otherwise revert to the Treasury.

The committee of conference accepted the House provision with two modifications. The first limits the application of this section to obligations in excess of \$100,000. The second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and if not used, would revert to the Treasury. With this modification, such funds could be reused for other purposes as authorized by the Mutual Security Act.

In accepting these modifications, the managers on the part of the House recognized that the application of the provisions of this section to small transactions might seriously impede the operation of the program. They also were impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or the international situation might make abandonment of a project for which funds had been obligated desirable.

ACCEPTANCE OF BENEFITS FROM FOREIGN NATIONS AND DUAL COMPENSATION IN LATIN AMERICA (SEC. 401 (e) AND SEC. 502 (k))

The Senate amendment contained two provisions relating to the detail of personnel to foreign governments. The first amendment

prohibited any person performing functions under the Mutual Security Act from accepting any compensation or other benefits from a foreign nation. It further provided that cost-sharing arrangements could be made by the President with the nations to which personnel are detailed. The second provision amended section 712 of title 10 of the United States Code so that persons detailed under that section could not accept offices, compensation, or emoluments from the foreign government concerned. The House bill contained no similar provisions.

Under section 712 of title 10 of the United States Code the President is presently authorized to detail members of the armed services to certain Latin American Republics and to any other nation during time of war. Under that section, subject to the prior approval of the Secretary of the military department concerned, an officer so detailed may receive compensation or emoluments and may accept any office from the foreign government.

The House receded and accepted the Senate provision prohibiting any person who performs functions under the Mutual Security Act from receiving any compensation from any foreign government. The House receded with an amendment to the second provision, amending section 712 of title 10 of the United States Code. The House agreed to the Senate prohibition against a military officer detailed under the provisions of title 10, United States Code, section 712, accepting compensation or emoluments but with a compromise permitting such officers to continue to be authorized, subject to the prior approval of the Secretary of the department concerned, to accept offices from the foreign government to which detailed.

The committee of conference agreed that it is in the best interest of the United States to prohibit any employee or officer performing functions under the Mutual Security Act or any military officer detailed under title 10, United States Code, section 712, from receiving compensation directly from a foreign government. To allow such individuals to receive compensation raises the possibility of a conflict of interest or even of divided loyalties. The committee of conference, however, considered it unnecessary to prohibit an officer detailed under title 10, United States Code, section 712, from accepting an office from a foreign government. There may be instances where it is in the interest of the United States for a United States officer to accept an office from a foreign government. On such occasions, however, he would be paid by the United States. For example, there have been instances where a United States officer has been designated as commandant of a foreign military academy with a simulated rank in the foreign army. There may be other situations where a United States officer could serve in a dual capacity.

Provision is made for cost-sharing arrangements with the foreign government under the Mutual Security Act and title 10, United States Code, section 712. In order to facilitate such arrangements, the prohibition is not to be effective for 9 months following enactment of this act.

COMPUTATION OF LEVELS OF AID (SEC. 401 (f))

The House bill contained a provision to require the President to submit a report to the Congress before January 10 each year, detailing defense support and special assistance to be furnished for the next fiscal year. The provision also required that such report contain a

clear and detailed explanation of the method used in reaching the proposed levels of aid for each country, and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid.

This provision was adopted on the floor after a very short discussion and without time for thorough analysis. The acting chairman of the committee, however, being sympathetic to the objective of the amendment, supported it. It later developed that the amendment included a drafting error which made the provision apply to the contingency fund instead of special assistance.

The Senate, after study and analysis, did not include this provision in the Senate amendment to the bill.

The Senate conferees took the position that the requirement for assigning dollar figures to all significant "factors" was based on a misconception that an exact monetary measure could be applied to many of the complex "factors" involved, such as the value of an airfield, or the value of the steadfastness of a little country bordering the Soviet bloc. The Senate conferees also took the position that the House provision literally required a public report to Congress and therefore an apparent public commitment by the United States for "levels of aid" for given countries before the Congress had acted and before negotiations with the countries involved had been completed.

The Senate conferees were unwilling to accept the January 10 date requirement on the ground that it was not necessary, that it would conflict seriously with the regular budget process, and that to substitute a later date would serve no useful purpose.

Although the Senate conferees refused to accept the original House language, the committee of conference agreed on the objectives sought to be accomplished. The conferees were keenly aware that although the executive branch annual presentation in support of renewal of the Mutual Security Act has improved, particularly as a result of prodding by the legislative committees during recent years, the presentation is still subject to further improvement.

The committee of conference therefore adopted a revision of the House provision which will result in the presentation of data which should facilitate the uncovering of administrative shortcomings and defects where and if they exist. The January 10 date requirement is eliminated and the requirement that a monetary value be assigned to each factor considered in determining levels of aid to each country has been deleted. The substitute language preserves the substance of the House provision. As modified and redrafted it will require the executive branch during the annual presentation to the Congress of authorizations and appropriations under the Mutual Security Act to furnish a detailed explanation of the method by which the proposed programs for each country have been arrived at. The compromise version also requires that the annual presentation include detailed explanations of all significant factors considered in arriving at such proposed programs, thus requiring an explanation and justification of each amount.

MILITARY MATERIEL PRICING FORMULA

Although the Senate receded with respect to its amendment to section 545 (h) of the Mutual Security Act, relating to the valuation of equipment under the military assistance program, the House conferees agreed that the committees of the House and Senate should request a report from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h). Prior to 1956, non-excess-stock items were sold by the military services to the military assistance program at a cost representing the replacement value of a similar but more modern item. In that year section 545 (h) was amended to provide that such sales should be at the same price obtaining for similar transactions between the United States military services or, if there are no such transactions, then at the gross cost for the item concerned, reduced to take into consideration age and condition.

The executive branch has been slow in implementing this provision. All directives have not as yet been issued. One reason for this, of course, is that appropriations were requested in prior years on the basis of anticipated receipts, and an immediate reduction in receipts from the military assistance program would have substantially reduced the funds available to the military services.

The report from the executive branch should give a detailed accounting of operations under the 1956 pricing formula and should contain a comparison of prices charged under the prior formula with those charged under the existing formula.

PROHIBITION AGAINST UNJUSTIFIED PUBLIC WORKS

The House bill contained a provision that prohibited the use of mutual security funds for any flood control, river and harbor or water development project in a foreign country that did not meet the benefit-cost standards and economic feasibility requirements established for similar projects in the United States. The Senate amendment contained no provision on this subject.

The House receded from its position. The committee of conference endorsed the principles contained in the House language but recognized the difficulties involved in their mandatory application to projects carried out in the less developed countries.

INTERNATIONAL LABOR ORGANIZATION (ILO) CONTRIBUTION (SEC. 502 (f))

Section 2 (a) of the joint resolution of June 30, 1948, as amended, authorizes payment by the United States of its share of the expenses of the International Labor Organization (a specialized agency of the United Nations) as apportioned by the Organization in accordance with its constitution. The United States contribution has been limited to \$1,750,000 per annum, although the apportionment as determined by the ILO for the United States in recent years has been 25 percent of the ILO budget. As a consequence, the United States is in arrears in its payments. The House bill amended existing law so as to authorize an annual contribution of not to exceed 25 percent. The Senate bill contained a similar amendment but also a limitation of \$2 million per annum. The conferees were informed that the

budget already approved for calendar year 1959 by the ILO governing body amounts to approximately \$8.4 million. Therefore, the United States assessment as apportioned under the ILO constitution would be approximately \$2.1 million, and the \$2 million ceiling would cause the United States to continue to be in arrears. Under these circumstances and since the ceiling on our contribution to the World Health Organization is also expressed as a percentage, the committee of conference accepted the House version.

FOREIGN SERVICE ACT AMENDMENT (SEC. 502 (h))

The Senate amendment included an amendment to the Foreign Service Act of 1946, as amended. The House bill contained no such provision. The committee of conference accepted the amendment included in the Senate version.

Section 571 (c) of the Foreign Service Act permits a Foreign Service officer to accept a position in the Department of State to which he is appointed by the President and is confirmed by the Senate without any loss of his Foreign Service status. Under this section, for example, a Foreign Service officer may be appointed an Assistant Secretary of State. The act makes no provision for a Foreign Service officer to accept a position elsewhere in the Government unless he resigns or retires from the Foreign Service.

The newly appointed Director of the United States Information Agency, Hon. George V. Allen, a Foreign Service officer with nearly 30 years' experience, had to retire from the Foreign Service to accept his new post. The Senate amendment broadens the single exception in the Foreign Service Act to permit a Foreign Service officer to retain his status within the Foreign Service when he is appointed by the President to any position requiring Senate confirmation. The Senate amendment also contains language that makes the change retroactive in order that Mr. Allen may be considered as if he had not retired from the Foreign Service to accept the position of Director of USIA.

INFORMATIONAL MEDIA GUARANTY (SEC. 502 (i))

The Senate amendment contained language that amended section 1011 of the United States Information and Educational Exchange Act of 1948. The House bill did not contain such a provision, although the House Committee on Foreign Affairs had held hearings on this subject and was contemplating action on it this session. The House conferees therefore receded and concurred in the Senate amendment.

The Senate amendment makes possible the continued financing of the Informational Media Guaranty (IMG) program through replenishment of its capital fund. The capital fund which consists of an authority to borrow from the Treasury up to \$28 million is nearly depleted.

The purpose of the program is to encourage the sale of American books, periodicals, films, and other informational material in countries where dollars are lacking by guaranteeing to the American distributor the convertibility of local currency sales proceeds into dollars. The program is undertaken only after conclusion of an agreement with the participating country. At the present time the program operates in 11 countries.

Under the program the American exporter sells informational materials to a foreign importer for foreign currency which is exchanged for dollars by the United States Information Agency (USIA), the administrator of the program. Most of the foreign currencies thus acquired are sold by the Treasury Department to other Government agencies for appropriated dollars. These dollars, in turn, are credited to the IMG revolving fund and become available to back the issuance of additional guaranty contracts. The additional dollar funds required to operate the program, over and above the dollars obtained from the sale of these foreign currencies, are borrowed from the Treasury Department against notes assumed by the Director of the United States Information Agency, pursuant to the authority of the Mutual Security Act of 1956.

The Senate amendment authorizes appropriations to restore USIA's borrowing authority for purposes of the IMG program to the extent that it has been impaired by program operations. Impairment to the capital fund arises from three causes: (1) Some foreign currencies acquired under the program must be sold at a lower rate of exchange than the rate at which they were purchased from American exporters; (2) in some countries local currency has accumulated in amounts in excess of United States Government needs so that they cannot in the reasonably immediate future be sold to United States Government agencies for dollars; and (3) in a few countries the United States has been obliged to agree to conditions which place certain restrictions on the types of United States Government activities which can be financed with these currencies.

Since the beginning of the program in 1948 through June 1957, \$13 million of the \$28 million capital fund has been used to convert local currencies into dollars. An additional \$9.6 million is committed to back outstanding guaranties, leaving \$5.4 million available for new contracts as of July 1, 1957. This authority is insufficient to finance the program through fiscal year 1959 unless the capital fund is replenished by appropriation.

The executive branch estimates that IMG contracts will be issued for about \$13 million for each of the next 2 fiscal years. To finance the issuance of some \$26 million in guaranties the capital fund will require replenishment of approximately \$8 million. It is important that the program be financed beyond a 1-year period in order that United States exporters can make their plans.

The amount of the appropriation request is limited to the amount necessary to restore the realized impairment to the capital fund. Impairment is defined to include the amount of realized exchange losses plus the dollar cost of unsalable foreign currencies. The appropriated funds will be turned over to the Secretary of the Treasury to retire outstanding indebtedness, thus permitting USIA to make IMG borrowings in an equivalent amount within the present ceiling after payment of interest charges due.

Through the annual replenishment of the IMG capital fund by appropriation, Congress will retain control over the extent of the program. At the same time the revolving feature will provide assurance of continuity to American exporters participating in the program.

The IMG program is an important adjunct to the work of USIA. It makes available in countries that lack dollars a great variety of informational materials privately produced in the United States. The

small loss suffered by the Government is more than compensated for by the greater circulation of important materials in countries that otherwise would not have access to them.

USE OF PUBLIC LAW 480 CURRENCY FOR SCIENCE (SEC. 502 (l))

The Senate amendment amended section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), by adding a provision authorizing the use of Public Law 480 currencies for scientific activities. Under the provision, Public Law 480 currencies could be used to collect, collate, translate, abstract, and disseminate scientific and technological information. They could also be used to conduct and support scientific activities overseas, including programs of scientific cooperation between the United States and other countries. Such cooperative projects and programs would include coordinated research against disease. The House bill contained no similar provision.

The managers on the part of the House receded and accepted the Senate provision with an amendment to make clear that no foreign currencies can be used for this purpose unless specific appropriations are made therefor.

Recent events have demonstrated the need for increased emphasis on scientific activities. There is an urgent need for translations and abstracts of scientific articles and books, both in the United States and abroad. This section will help meet that need. Furthermore, this provision will assist the United States, through cooperative activities, to secure the benefits of increased scientific activity and research abroad. It will help in eliminating diseases common to all mankind and those which are common to particular regions.

WORLD HEALTH ORGANIZATION RESEARCH (SEC. 502 (m))

The Senate amendment amended the act of June 14, 1948, as amended, concerning United States participation in the World Health Organization, by adding a new section 6, declaring it to be the policy of the United States to continue and to strengthen mutual efforts among nations for research against diseases, such as heart disease and cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases.

The House bill did not contain a provision on this subject.

The managers on the part of the House accepted the Senate amendment. There did not appear to be any basis for disagreement with the objectives of this provision. It involves only matters of direction and of emphasis of existing operations, and it does not call for any additional expense.

The committee of conference recognized the advantages to be derived if in these and other health programs the Executive by appropriate regulation take fullest advantage of the psychological value of the American origin of effective medicines.

JOINT ASSISTANCE PROGRAMS IN WESTERN HEMISPHERE (SEC. 503)

The Senate amendment contained a provision expressing the sense of Congress that the President should, pursuant to the provisions of the Mutual Security Act and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development. The House bill contained no language on this subject.

The committee of conference accepted the Senate language as indicative of continued congressional encouragement to the executive branch to explore every means available in carrying out the objectives expressed in the Senate language.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,

Managers on the Part of the House.





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House of Representatives

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:
Isaiah 35: 4: Say to them that are of a fearful heart: Be strong, fear not; thy God will save thee.

Most merciful and gracious God, we are offering our prayer with a humble spirit and a contrite heart confessing our sins and shortcomings, and seeking Thy pardon and Thy peace.

Help us to understand more clearly and feel more deeply that in the woe and welter of world crisis and confusion, Thou alone canst calm our fears and forebodings and give us a sense of safety and security.

Grant that in these tragic and turbulent days Thy divine will and truth may be our law by day and our light by night.

Show us how we may remove all the barriers which divide nation from nation and bring them together in the spirit of friendship and fraternity.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following date the President approved and signed bills and a joint resolution of the House of the following titles:

On June 25, 1958:

H. R. 10589. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1959, and for other purposes;

H. R. 12540. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1959, and for other purposes; and

H. J. Res. 427. Joint resolution to permit use of certain real property in Kerr County, Tex., for recreational purposes without causing such property to revert to the United States.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 3141. An act to authorize acquisition by the Administrator of General Services of certain land and improvements thereon located within the area of New York Avenue and F Street, and 17th and 18th Streets NW., in the District of Columbia;

S. 4002. An act to authorize the Gray Reef Dam and Reservoir as a part of the Glendo unit of the Missouri River Basin project; and

S. J. Res. 181. Joint resolution extending the special school milk program for 2 months.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12428) entitled "An act making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1959, and for other purposes."

The message further announced that the Senate agrees to the amendment of the House to Senate amendment No. 21 to the above-entitled bill.

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H. R. 12181.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The conference report and statement follows:

CONFERENCE REPORT (H. REPT. No. 2038)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1958.'"

"SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: 'This Act is divided into chapters and titles, according to the following table of contents:'

"TABLE OF CONTENTS"

"Chapter I—Military Assistance.
"Chapter II—Economic Assistance.
"Title I—Defense Support.
"Title II—Development Loan Fund.
"Title III—Technical Cooperation.
"Title IV—Special Assistance and Other Programs.
"Chapter III—Contingency Fund.
"Chapter IV—General and Administrative Provisions."

"CHAPTER I—MILITARY ASSISTANCE"

"Military assistance"

"SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended which relates to military assistance, is amended by striking out '1958' and '\$1,600,000,000' and inserting in lieu thereof '1959' and '\$1,605,000,000', respectively.

"Procurement programs relating to military assistance"

"SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, as amended by inserting immediately before the period at the end thereof the following: ', including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.'

"Policy on military assistance to American Republics"

"SEC. 103. Paragraph (4) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to military assistance to American Republics, is amended by adding the following sentences at the end thereof: 'The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics.'

CHAPTER II—ECONOMIC ASSISTANCE

Defense support

"Sec. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out '1958' and '\$750,000,000' and inserting in lieu thereof '1959' and '\$810,000,000', respectively.

Utilization of funds in special accounts

"Sec. 202. Paragraph (iii) of subsection (b) of section 142 of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: "Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000."

Development Loan Fund

"Sec. 203. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Amend section 202, which relates to general authority, as follows:

"(1) Strike out subsection (a) and substitute the following:

"(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate."

"(2) In subsection (b), strike out all preceding 'is hereby' in the first sentence and substitute 'The Fund'; strike out 'he' in the first sentence and substitute 'it'; strike out 'and (3)' in the first sentence and substitute '(3)'; insert before the period at the end of the first sentence 'and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved'; strike out 'from' in the second sentence and substitute 'by'; insert after the third sentence 'The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund.'; and strike out the last two sentences and substitute the following new sentence: 'The President's semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.'

"(b) Amend section 204, which relates to fiscal provisions, as follows:—

"(1) In subsection (b), substitute 'Fund' for 'President' in the first sentence and strike out 'against the Fund' in that sentence; change 'authorized' to 'made available' in the second sentence; and insert 'assets of the' before 'Fund' in the third sentence.

"(2) Strike out subsection (c) and substitute the following:

"(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended."

"(c) Amend section 205, which relates to powers and authorities, as follows:

"(1) Insert 'management,' before 'powers' in the heading of the section.

"(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

"(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law."

"(3) In subsection (c):

"(1) Strike out all in the first sentence preceding 'enter into' and substitute 'The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may';

"(11) Strike out 'may be deemed' in the first clause of the first sentence and substitute 'it may deem';

"(iii) Strike out 'under this title' in the fourth clause of the first sentence and substitute 'of the Fund';

"(iv) Strike out 'the Manager of' in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

"(v) Insert after the seventh clause of the first sentence, following 'collection,' the following: 'adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government;';

"(vi) Strike out all following 'operation' in the last clause of the first sentence and substitute 'or in carrying out any function.'

"(vii) Insert the following new sentence after the first sentence of the subsection: 'Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.'

"(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as deter-

mined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act.

Technical cooperation

"SEC. 204. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

"(a) In section 304, which relates to authorization, strike out '\$151,900,000' and insert in lieu thereof '\$150,000,000 for use beginning in the fiscal year 1959.'

"(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

"(1) Insert 'and related program' after 'cooperation' in the heading of the section; insert 'and this Act' after 'title' in the first sentence; and insert 'and related' after 'cooperation' in the first sentence.

"(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out '\$15,500,000 for the fiscal year 1958' and substitute '\$20,000,000 for the fiscal year 1959'; insert 'and such related fund as may hereafter be established' after 'Assistance'; and in the proviso change 'to this program' to 'for such purpose' and after the word 'contributed' the first time it appears, strike the remainder of the subsection and insert 'for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year.'

"(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out '1958' and substitute '1959'.

Special assistance and other programs

"SEC. 205. Title IV of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is further amended as follows:

"(a) In subsection (a) of section 400, which relates to special assistance, strike out '1958' and '\$250,000,000' in the first sentence and insert in lieu thereof '1959' and '\$202,500,000', respectively; and strike out all following 'stability' in the first sentence and all of the last sentence and insert a period.

"(b) In section 402, which relates to earmarking of funds, strike out '1958' in the first sentence and substitute '1959'.

"(c) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section:

"SEC. 403. Responsibilities in Germany: The President is hereby authorized to use during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 400 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the

German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.'

"(d) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

"(1) In subsection (c), strike out all following 'fiscal year' and substitute '1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.'

"(2) In subsection (d), strike out '1958' and '\$5,500,000' and substitute '1959' and '\$8,600,000', respectively.

"(e) In section 406, which relates to children's welfare, strike out '1958' and substitute '1959.'

"(f) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees.'

"(g) In section 409 (c), which relates to ocean freight charges, strike out '1958' and '\$2,200,000' and substitute '1959' and '\$2,100,000', respectively.

"(h) In section 410, which relates to Control Act expenses, strike out '1958' in the first sentence and substitute '1959.'

"(i) Amend section 411, which relates to administrative and other expenses, as follows:

"(1) In subsection (b) strike out '1958' and '\$32,750,000' and substitute '1958' and '\$33,000,000', respectively; and insert 'and title II of chapter II' immediately before the close of the first parentheses;

"(2) In subsection (c), insert 'functions of the Department under this Act or for' before 'normal.'

"(j) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

"(1) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out 'the agency primarily' and substitute 'an agency'; insert immediately before the semicolon at the end of subparagraph (E) the following proviso: '*Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced'; and insert after 'Director of the International Cooperation Administration' both times it appears in subparagraph (F) 'or such other officer as the President may designate.'

"(2) Insert the following new subsection:

"(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with

special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.'

"(k) At the end of section 414 (b), which relates to munitions control, add the following: 'Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.'

"(l) In section 419 (a), which relates to atoms for peace, strike out '1958' and '\$7,000,000' in the second sentence and substitute '1959' and '\$5,500,000', respectfully.

"(m) In section 420, which relates to malaria eradication, insert after the word 'authorized' in the second sentence 'to use funds made available under this Act (other than chapter I and title II of chapter III)', insert immediately before the period at the end of the second sentence the following proviso: '*Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II', and strike out the last sentence.

"CHAPTER III—CONTINGENCY FUND"

"President's special authority and contingency fund"

"SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (12) (B) of section 501 of this Act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

"(a) Insert 'and contingency fund' after 'authority' in the heading of this section.

"(b) Subsection (a) is amended as follows:

"(1) In the first sentence, insert 'for use' after 'made available'; strike out 'such use by section 400 (a) of this Act' and substitute 'use under this subsection by subsection (b) of this section'; strike out 'pursuant to authorizations contained in' and substitute 'for use under'; and

"(2) In the second and last sentence strike out 'section' both times it appears and substitute 'subsection.'

"(c) Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$155,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.'

"(d) In the last sentence of subsection (c), insert 'subsection (a) of' after 'under.'

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

"General provisions"

"SEC. 401. The chapter designated by paragraph (16) of section 501 of this Act as chapter IV of the Mutual Security Act of 1954, as amended, which relates to general

and administrative provisions, is further amended as follows:

"(a) Section 502, which relates to use of foreign currencies by committees of the Congress, is amended by striking out the proviso in subsection (b) and inserting the following: 'Provided, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.'

"(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: 'Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).'

"(c) Section 510, which relates to purchase of commodities, is amended by striking out 'title II or' in the first sentence.

"(d) Add the following new sections immediately after section 515:

"SEC. 516. Prohibition against debt retirement: None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

"SEC. 517. Completion of plans and cost estimates: After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 400 (a) —

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the

United States of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

"(e) Amend section 527, which relates to the employment of personnel, by adding the following new subsection, such amendment to take effect nine months after the date of enactment of this Act:

"(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

"(f) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out 'for the fiscal year 1958'; in subsection (c), strike out 'Not to exceed \$18,000,000' and substitute 'Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000', and add the following 'new clause before the period: ', and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere'; and add the following new subsection:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs.

"(g) Amend section 543 (d), which relates to saving provisions, by striking out 'Act of 1956 or the Mutual Security Act of 1957' and substituting 'Act of 1956, 1957, or 1958' in the first sentence and by inserting the following new sentence after the second sentence: 'Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958.'

"(h) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended).

"(i) Amend section 545, which relates to definitions, as follows:

"(1) In subsection (j), insert 'the Development Loan Fund and' after 'refer to' and strike out 'title II.'

"(2) In subsection (k), insert 'the Board of Directors of the Development Loan Fund and' after 'refer to' and strike out 'title II.'

"CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954; AMENDMENTS; AND WESTERN HEMISPHERE COOPERATION

"Reorganization of Mutual Security Act of 1954

"SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

"(1) Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:

"CHAPTER I—MILITARY ASSISTANCE"

"(2) Immediately above section 131, strike out the chapter heading and insert in lieu thereof the following:

"CHAPTER II—ECONOMIC ASSISTANCE

"Title I—Defense support"

"(3) In section 131 (a), strike out 'chapter 1 of this title' and insert in lieu thereof 'chapter I.'

"(4) In section 131 (d), immediately after 'title', insert 'or chapter I.'

"(5) Immediately above section 141, strike out the chapter heading.

"(6) In section 141, immediately after 'title' both times it appears insert 'or chapter I.'

"(7) (A) In section 142 (a), strike out 'chapter 1 of this title' each place it appears and insert 'chapter I.'

"(B) In such section 142 (a), strike out 'under this title' and 'purposes of this title' each place they appear and insert 'under chapter I or under this title', and 'purposes of chapter I or of this title', respectively.

"(8) Section 142 (b) is amended by striking out 'chapter 3 of title I of this Act' and inserting in lieu thereof 'this title.'

"(9) Section 144 is amended by inserting immediately after 'under this title' the following: 'or chapter I.'

"(10) Section 202 (b) is amended by striking out '401 (a)' and inserting in lieu thereof '451 (a).'

"(11) Amend the heading of title IV to read as follows:

"Title IV—Special assistance and other programs."

"(12) (A) Immediately after section 420, insert the following new chapter heading:

"CHAPTER III—CONTINGENCY FUND"

"(B) Section 401 is redesignated as section 451 of chapter III.

"(13) Section 405 (d) is amended by striking out '401' and inserting in lieu thereof '451.'

"(14) Section 410 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(15) Section 411 (b) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(16) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

"(17) Section 503 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(18) (A) Section 504 (a) is amended by striking out 'titles II, III, and IV, and chapter 3 of title I,' and inserting in lieu thereof 'chapter II.'

"(B) Section 504 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(19) (A) The first sentence of section 510 is amended by striking out 'chapter 3 of title I' and inserting in lieu thereof 'title I of chapter II.'

"(B) The third sentence of section 510 is amended by striking out 'title II or chapter 3 of title I' and inserting in lieu thereof 'title I or II of chapter II.'

"(20) Section 511 (a) is amended by striking out 'title I' and inserting in lieu thereof 'chapter I or title I of chapter II.'

"(21) Section 511 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(22) Section 513 is amended by striking out '401' and inserting in lieu thereof '451.'

"(23) Immediately above section 521, strike out the chapter heading.

"(24) In section 521 (b), insert 'of chapter II' immediately after 'title III.'

"(25) In section 521 (c), strike out 'chapter 3 of title I' and insert in lieu thereof 'title I of chapter II.'

"(26) Sections 522 (c) and 522 (d) are each amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(27) Section 523 (c) (2) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(28) Section 524 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(30) Immediately above section 541, strike out the chapter heading.

"(31) Section 545 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(32) Section 545 (h) is amended by striking out 'chapter 1 of title I' each place it appears and inserting in lieu thereof 'chapter I.'

"(33) Sections 545 (j) and 545 (k) are each amended by striking out 'chapter 3 of', and by inserting 'chapter II or under chapter III' immediately after 'title IV.'

"(34) Section 549 is amended by inserting 'of chapter II' immediately after 'title III.'

"Amendments to other laws

"SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

"(1) In subsection (a) of the first section, insert the following new subparagraph after subparagraph (4):

"(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract.'

"(2) In subsection (e) of such section, strike '(3) or (4)' in the last sentence and substitute therefor '(3), (4), or (5).'

"(3) In subsection (f) of such section, insert 'or in any work under subparagraph (5) subsection (a) of this section' between 'this section' and 'shall not apply.'

"(b) In the first section of the Act of June 28, 1935, as amended (49 Stat. 425), strike out '\$30,000' and insert '\$33,000,' and strike out '\$15,000' the first time it appears and insert '\$18,000.'

"(c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert 'Development Loan Fund,' before 'Institute of Inter-American Affairs.'

"(d) In section 2 of the Act of July 11, 1956 (70 Stat. 523), strike out all beginning

with 'An' down through 'Conference and' and substitute 'There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and.'

"(e) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287q), is amended by the addition of the following sentences at the end thereof: 'The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: *Provided*, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.'

"(f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes 'as apportioned' is amended to read as follows: '(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses.'

"(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): 'or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.'

"(h) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words 'in the Department' wherever they appear therein and by adding at the end thereof the following new sentences: 'Any Foreign Service officer who resigned from the Service, or retired in ac-

cordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.'

"(i) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

"(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

"(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

"(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts.'

"(j) The Act of May 26, 1949, as amended (5 U. S. C. 151a-151c), relating to the organization of the Department of State, is amended as follows:

"(1) In the first section, strike out 'three' and insert 'two.'

"(2) In section 2, designate the present language as '(a)' and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the "Deputy Under Secretary of State for Economic Affairs" or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs.'

"(k) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect nine months after the date of enactment of this Act:

"(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

"(l) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor."

"(m) The Act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

COOPERATION IN WESTERN HEMISPHERE

"SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development."

And the Senate agree to the same

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VOYRS,
WALTER H. JUDD,

Managers on the Part of the House.

THEODORE FRANCIS GREEN,
J. W. FULBRIGHT,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The committee of conference agreed upon an authorization of \$3,031,400,000, a reduction of \$266,500,000 from the executive branch authorization request.

The House bill authorized an appropriation of \$2,958,900,000. The Senate amendment authorized an appropriation of \$3,103,900,000 exclusive of the limitation of \$2.4 billion on military assistance and defense support contained in section 13 of the amendment. When the ceiling in section 13 of the Senate amendment was applied, the differ-

ence between the 2 Houses was \$110 million. On the basis of the individual authorizations and without regard to this ceiling, the difference between the 2 Houses was \$145 million.

The amount authorized by the committee of conference for military assistance was \$1,605 million and \$810 million for defense support. The sum of these two authorizations equaled the sum as they passed the House, although military assistance was reduced \$35 million and defense support was increased \$35 million. The Senate also receded from section 13 of its amendment which placed an overall ceiling of \$2.4 billion on the total authorization for military assistance and defense support and also authorized a Presidential transfer of not more than \$235 million between these 2 items.

The committee of conference agreed to \$202.5 million for special assistance, a reduction of \$9.5 million from the Senate figure. The Senate approved amount for the contingency fund was reduced from \$200 million to \$155 million. The Senate accepted the House figure of \$33 million for ICA administrative expenses. The net result of these adjustments was to divide equally the difference of \$145 million between the two Houses. Thus the Senate figure was reduced by \$72.5 million and the House figure increased by an identical amount.

Mutual security program for fiscal year 1959

[In thousands]

	Admin- stration au- thorization request	House amounts	Senate amend- ment	Difference between House and Senate	Committee of con- ference
Sec. 103 (a). Military assistance.....	\$1,800,000	\$1,640,000	\$1,600,000	-\$40,000	\$1,605,000
Sec. 131 (b). Defense support.....	835,000	775,000	835,000	+60,000	810,000
Sec. 203. Development Loan Fund.....					
Sec. 304. Bilateral technical cooperation.....	142,000	150,000	150,000		150,000
Sec. 306 (a). United Nations technical assistance programs.....	20,000	20,000	20,000		20,000
Sec. 306 (b). OAS technical cooperation.....	1,500	1,500	1,500		1,500
Sec. 400 (a). Special assistance.....	212,000	185,000	212,000	+27,000	202,500
Sec. 405 (a). Intergovernmental Committee for European Migration.....					
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200	1,200	1,200		1,200
Sec. 405 (d). Escapees.....	8,600	8,600	8,600		8,600
Sec. 406. U. N. Children's Fund.....	11,000	11,000	11,000		11,000
Sec. 407. Palestine refugees.....	25,000	25,000	25,000		25,000
Sec. 408. NATO civilian expenses.....					
Sec. 409 (c). Ocean freight.....	2,100	2,100	2,100		2,100
Sec. 410. Control Act expenses.....	1,000	1,000	1,000		1,000
Sec. 411 (b). ICA administrative expenses.....	33,000	33,000	31,000	-2,000	33,000
Sec. 411 (c). State administrative expenses.....					
Sec. 419 (a). Atoms for Peace.....	5,500	5,500	5,500		5,500
Sec. 451 (b). ² Contingency fund.....	200,000	100,000	200,000	+100,000	155,000
Total.....	3,297,900	2,958,900	3,103,900	+145,000	3,031,400

¹ Although the Senate amendment included \$1.6 billion for military assistance and \$835 million for defense support, a total of \$2,435 million, section 13 of the amendment limited the total authorization of these 2 items to \$2.4 billion. This section also authorized the Presidential transfer of \$235 million between military assistance and defense support in order to allow the President to apportion the reduction set by the ceiling.

² Formerly sec. 401 (b).

REORGANIZATION OF THE ACT (SEC. 501)

The House bill changed the title headings of the Mutual Security Act in order to place military assistance in a separate chapter and defense support under the economic chapter. These changes were intended to make clear that defense support although necessary for military needs was nevertheless economic assistance. Special assistance and the contingency fund were put into a new chapter because it was believed that each could include both military and economic assistance. The Senate amendment contained no similar provision.

The committee of conference accepted the House reorganization of the Mutual Security Act with an amendment. The amended version removes special assistance from the same chapter as the contingency fund and puts the former into the chapter headed "Economic Assistance." This latter change conforms to the executive branch definition that special assistance is now regarded as economic assistance necessary to achieve political, economic, or other objectives in coun-

tries where no assistance is provided in support of significant military forces, or in situations where the assistance cannot be appropriately rendered as technical assistance or from the Development Loan Fund. The contingency fund, unlike special assistance, may be used for both military and nonmilitary assistance.

AID TO INDIA

The Senate amendment added subsection (d) to section 2 of the Mutual Security Act, stating the sense of the Congress that it is in the interest of the United States to join with other nations in providing support to assist India to complete its current program for economic development.

The House bill contained no provision on this subject.

It was the view of the House conferees that since the concepts embodied in the India amendment were expressed in various sections of the Mutual Security Act it was unnecessary to make specific reference to a particular country in relation to policies already expressed in law in general terms.

MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 103)

The Senate version contained an amendment to section 105 (b) (4) requiring the President to review findings made under that section annually and to make a determination each year as to whether military assistance is necessary. Furthermore, it laid down the policy that internal security requirements should not normally be the basis for military assistance in Latin America.

The House bill contained no similar amendment.

Under the existing section 105 (b) (4) military assistance may be furnished to Latin American nations only in accordance with defense plans found by the President to require those nations to participate in missions important to the defense of the hemisphere.

Since the amendment is in conformity with existing section 105 (b) (4) and reflects the policy expressed in that section, the managers on the part of the House agreed to the retention of the Senate language. In their opinion the amendment does not represent a change in policy except with respect to requiring an annual review by the President. Recent events tend to indicate the necessity for a restatement of the United States policy that military assistance to Latin America shall be furnished for internal security requirements only under extraordinary circumstances.

USE OF SURPLUS COUNTERPART FUNDS (SEC. 202)

The Senate version added two provisos to section 142 (b) (iii). The first proviso permitted a recipient nation to utilize those counterpart funds which are excess to United States requirements and exceed the requirements for purposes for which new funds authorized by the Mutual Security Act would be available for other purposes. Such uses would have to be agreed to by the United States and be consistent with United States foreign policy. The second proviso required that any proposed utilization of such excess amounts should be reported to the 4 appropriate congressional committees, and that such utilization should not be effective until 60 days after such reporting.

The House bill contained no provision on this subject.

The Senate amendment was proposed specifically to make it possible for the Austrian Government to make a loan to the Austrian Hilfsfond for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The executive branch had previously determined that such use of Austrian counterpart was not permitted. Present law authorizes the use of counterpart (aside from that counterpart earmarked for United States requirements) only to carry out purposes for which new funds authorized by the Mutual Security Act would themselves be available. Since compensation to victims of Nazi persecution was not a purpose for which new funds authorized by the Mutual Security Act would be available, additional legislation was regarded necessary to permit the use of Austrian counterpart for this purpose.

The managers on the part of the House recognized the desirability of the proposed use of excess counterpart funds for this purpose. They regarded the granting of such broad authority over the use of excess counterpart as contained in the Senate amendment to be undesirable. They therefore accepted compromise language limiting the utilization of excess counterpart to the equivalent of \$4 million, the amount estimated to be expended in carrying out the program for Austria. Proposals for further utilization of excess counterpart will require approval by the Congress.

ASSISTANCE TO YUGOSLAVIA

The House bill contained an amendment to section 143 with reference to assistance

to Yugoslavia prohibiting the furnishing of any assistance to Yugoslavia after 90 days unless the President had determined that (1) there has been no change in the fundamental policies on which aid to Yugoslavia is based; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) it is in the interest of national security to continue aid. The President would have been required to keep Congress continually informed of determinations under this section and of assistance to Yugoslavia. The Senate version contained no amendment to section 143.

Section 143 of the present law is substantially similar to the House provision. Section 143 requires the President to assure himself continually that (1) Yugoslavia continues to maintain its independence; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) the furnishing of assistance is in the national security interest. Under this provision the President must keep the Congress informed of assistance to Yugoslavia.

The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

STATE DEPARTMENT ORGANIZATION (SEC. 502 (J))

The Senate amendment provided for the creation of an Under Secretary of State for Economic Affairs in the Department of State and for the abolition of the Deputy Under Secretary of State for Economic Affairs.

The House bill contained no similar provision.

The committee of conference accepted the Senate language.

Although the activities of ICA are under the authority of the Department of State, the Director of ICA presently outranks the Deputy Under Secretary of State for Economic Affairs. The effect of the Senate provision is to upgrade the position of the principal economic officer in the Department of State so that he will be senior to the Director of ICA. The new position will give further emphasis to congressional insistence that the mutual security program is an integral part of United States foreign policy and, as such, is under the immediate direction of the Department of State.

The Senate language also provides that the present Deputy Under Secretary of State for Economic Affairs, Hon. C. Douglas Dillon, may be appointed to the new office without further advice and consent of the Senate.

The Under Secretary of State will continue to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of \$22,000 per annum, while that of the Under Secretary of State is fixed at \$22,500. This difference in salary is intended to indicate clearly the subordinate position of the Under Secretary of State for Economic Affairs.

The Senate amendment also includes language that has the effect of changing the composition of the Board of Directors of the Development Loan Fund so that the new officer will replace the Deputy Under Secretary of State for Economic Affairs—a position that is abolished by the Senate amendment.

CONTRIBUTION TO UNITED NATIONS TECHNICAL ASSISTANCE PROGRAMS (SEC. 204 (B))

The House bill amended the proviso of section 306 (a) so as to provide that for the calendar year 1959 and thereafter the United States contribution to United Nations technical assistance and related programs may be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any given year.

The Senate amendment contained no provision on this subject, and left unchanged the present scale of United States contributions, which provides for 38 percent in fiscal year 1959 and 33½ percent in fiscal year 1960 and thereafter.

The committee of conference accepted the House language except for certain revisions intended to clarify the meaning of the House bill.

The managers on the part of the House were in agreement with the Senate conferees that it is desirable that other nations increase their contributions to the multilateral technical cooperation and related programs and that the United States should in due course reduce its percentage contribution.

CONTINUATION OF INTERNATIONAL DEVELOPMENT ADVISORY BOARD (IDAB)

The House bill contained a provision repealing section 308, relating to the International Development Advisory Board, but the Senate version did not repeal that section. The International Development Advisory Board, which by statute is composed of 13 members, has the duty of advising the President and the Director of the International Cooperation Administration on policy matters relating to technical cooperation, the Development Loan Fund, and the encouragement of private enterprise under the mutual security program.

The committee of conference agreed to the retention of section 308 providing authority for the continuation of the Board. Although there have been no Board members since last September, the executive branch made a strong plea that the Board is necessary. The primary reasons for the delay in the reactivation of the IDAB were: (1) the resignation of the then Director of ICA last fall and the appointment of a new Director, and (2) the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board, particularly if the Development Loan Fund were incorporated.

The managers on the part of the House are firmly of the opinion that representatives of science should be included on the Board. It would also appear to be appropriate for the International Development Advisory Board to utilize advisory groups representing business, labor, agriculture, public health, science, and education.

PALESTINE REFUGEES (SEC. 205 (F))

The House bill authorized an appropriation of \$25 million for fiscal year 1959 for the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate amendment authorized an identical sum, but included a proviso that \$5 million of the funds appropriated for this purpose shall be used only for repatriation or resettlement of such refugees.

If the entire \$25 million were appropriated, the \$5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the \$5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of \$5 million for repatriation or resettlement.

The committee of conference agreed with the philosophy contained in the Senate proviso; namely, that the governments of the Near East take more vigorous steps to effect a solution of the refugee problem. It was recognized, however, that the critical situation in that area only makes more difficult the relocation of the refugees. Relief and rehabilitation are not only a continuing demand but are prerequisites to the success of any repatriation or resettlement program. The committee of conference is not satisfied that officials of the governments in the

Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

OFFSHORE PROCUREMENT, PROTECTION OF THE UNITED STATES ECONOMY, AND STUDY OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205 (J) (2))

The House bill contained a provision entitled "Protection of the United States Economy," which would have required an annual review of operations under the program by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The purpose of the study would have been to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. Recommendations were called for.

The Senate amendment contained a section amending section 510 of the act, which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the procurement did not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, outweighing the economic advantages to, and the national interests of, the United States of less costly procurement abroad.

The Senate version also contained a provision for a review by the Departments of State and Commerce, and other agencies of the Government, of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign policy efforts of the United States. Private enterprise would have been called upon to cooperate in the study. Recommendations would have been required from the reviewing group.

Some members of the committee of conference were strongly opposed to changes in the provisions before them. The following considerations influenced the judgment of the majority of the conferees: (1) The matters covered by the above provisions are closely interrelated; (2) over 50 percent of ICA financed procurement already takes place in the United States; and (3) the various reviews called for would be overlapping. Therefore a majority of the Senate and House members of the committee of conference agreed to eliminate the above three provisions and to substitute a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference emphasizes that the new provision envisages a study of the possible adverse effects upon the United States economy arising from operations under the mutual security program. It is contemplated that this study will be financed from the regular appropriations available to each agency participating.

MUNITIONS CONTROL (SEC. 206 (K))

The House bill contained a provision prohibiting the return to the United States, other than for the Armed Forces of the United States and its allies, of military arms or ammunition furnished to foreign governments by the United States under any foreign assistance programs of the United States.

The Senate version limited the items prohibited for import to military firearms, rather than arms or ammunition, manufactured in the United States and furnished to foreign governments under any foreign aid program. The Senate version further stipulated that it

was to apply only to items imported for sale and regardless of whether the arms in question had been advanced in value in a foreign country. It also provided that the prohibition should not extend to firearms which had been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference adopted a compromise which prohibits the return to the United States for sale in the United States of any military firearms or ammunition of United States manufacture and furnished to foreign governments by the United States under the Mutual Security Act or any other foreign assistance program of the United States. The prohibition is not to apply to military firearms or ammunition imported into the United States for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture. The foreign aid programs of the United States covered under this provision would include, among others, the lend-lease program, the Greek-Turkish assistance program, the mutual defense assistance program, and the mutual security program. The phrase "military firearms" was accepted because, if the words "military arms" had been used, there was a possibility that such items as armored vehicles, spare parts for armored vehicles, and other similar items might have been included in the prohibition.

MALARIA ERADICATION (SEC. 205 (M))

The committee of conference accepted the House language, as rephrased, to make clear that the Development Loan Fund may, in accordance with the provisions of title II of chapter II, furnish assistance designed to aid the efforts of other peoples to eradicate malaria.

CONGRESSIONAL TRAVEL ACCOUNTING (SEC. 401 (A))

The House bill amended section 502 (b) to provide that local currency used by any congressional committee be charged against any amounts made available to such committee from the appropriate contingent funds, and that the use of such currency be subject to all the reporting and other requirements which apply to the expenditure of amounts made available from such contingent fund.

The Senate amendment amended section 502 (b) to require that each member or employee of any congressional committee make to the chairman of his committee an itemized listing of expenditures of foreign currency and that each committee submit a consolidated report showing the total itemized expenditures of the committee and of each member or employee thereof during the preceding calendar year to the House Administration Committee or the Senate Appropriations Committee. This report was required to be published in the CONGRESSIONAL RECORD.

The information available to the managers on the part of the House indicated that the provision contained in the House bill would require substantial modification and reorganization of the accounting procedures of the House of Representatives which would not be necessary in order to attain the objectives of an itemized accounting of foreign travel expenditures by individuals and of a public reporting of such expenditures. The House conferees, therefore, accepted the simpler language of the Senate amendment, since it appeared to attain the desired objectives. The committee of conference agreed, however, to eliminate from the Senate provision the requirement that the total itemized expenditures of each committee member or employee should be reported and published in the CONGRESSIONAL RECORD. Instead, language was accepted requiring that each member or employee of any congressional committee must report to the chairman of his committee an itemized listing

of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the Committee on House Administration or the Committee on Appropriations of the Senate and published in the CONGRESSIONAL RECORD. The provision takes effect on the date of enactment of the bill.

The committee of conference believes that foreign travel by Members of Congress should be encouraged and recognizes that the use of foreign currency funds derived from operations under the mutual security and agriculture trade development and assistance programs for this purpose in most instances makes such travel possible without cost to the United States taxpayer. Certain foreign currencies made available under these programs will not be usable in the foreseeable future by the United States for any other purpose.

The committee of conference was in agreement that congressional travel expenses should be fully accounted for and controlled and that the entire matter should be subject to further study not only by the Committees on Foreign Relations and Foreign Affairs, but by other interested committees of the Senate and the House. Such further study should include consideration of the accounting and control of congressional travel expenditures under authority other than that contained in the Mutual Security Act.

COMPLETION OF PLANS AND COST ESTIMATES (SEC. 401 (D))

The House bill added a new section 517 which prohibited the obligation of defense support, bilateral technical cooperation, and special assistance funds for projects requiring substantive technical or financial planning until necessary engineering, financial, and other plans had been completed and a reasonably firm estimate obtained of the cost to the United States of providing such assistance, and until a determination had been made that any necessary legislative action by the recipient country might reasonably be anticipated to be completed within 1 year. The new section also provided that funds obligated for assistance subject to the conditions of the section could only be used for the purpose for which originally obligated and would otherwise revert to the Treasury.

The committee of conference accepted the House provision with two modifications. The first limits the application of this section to obligations in excess of \$100,000. The second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and, if not used, would revert to the Treasury. With this modification, such funds could be reused for other purposes as authorized by the Mutual Security Act.

In accepting these modifications, the managers on the part of the House recognized that the application of the provisions of this section to small transactions might seriously impede the operation of the program. They also were impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or the international situation might make abandonment of a project for which funds had been obligated desirable.

ACCEPTANCE OF BENEFITS FROM FOREIGN NATIONS AND DUAL COMPENSATION IN LATIN AMERICA (SEC. 401 (E) AND SEC. 502 (K))

The Senate amendment contained two provisions relating to the detail of personnel to foreign governments. The first amendment prohibited any person performing functions under the Mutual Security Act from accepting any compensation or other benefits from a foreign nation. It further provided that cost-sharing arrangements could be made by the President with the

nations to which personnel are detailed. The second provision amended section 712 of title 10 of the United States Code so that persons detailed under that section could not accept offices, compensation, or emoluments from the foreign government concerned. The House bill contained no similar provisions.

Under section 712 of title 10 of the United States Code the President is presently authorized to detail members of the armed services to certain Latin American Republics and to any other nation during time of war. Under that section, subject to the prior approval of the Secretary of the military department concerned, an officer so detailed may receive compensation or emoluments and may accept any office from the foreign government.

The House receded and accepted the Senate provision prohibiting any person who performs functions under the Mutual Security Act from receiving any compensation from any foreign government. The House receded with an amendment to the second provision, amending section 712 of title 10 of the United States Code. The House agreed to the Senate prohibition against a military officer detailed under the provisions of title 10, United States Code, section 712, accepting compensation or emoluments but with a compromise permitting such officers to continue to be authorized, subject to the prior approval of the Secretary of the department concerned, to accept offices from the foreign government to which detailed.

The committee of conference agreed that it is in the best interest of the United States to prohibit any employee or officer performing functions under the Mutual Security Act or any military officer detailed under title 10, United States Code, section 712, from receiving compensation directly from a foreign government. To allow such individuals to receive compensation raises the possibility of a conflict of interest or even of divided loyalties. The committee of conference, however, considered it unnecessary to prohibit an officer detailed under title 10, United States Code, section 712, from accepting an office from a foreign government. There may be instances where it is in the interest of the United States for a United States officer to accept an office from a foreign government. On such occasions, however, he would be paid by the United States. For example, there have been instances where a United States officer has been designated as commandant of a foreign military academy with a simulated rank in the foreign army. There may be other situations where a United States officer could serve in a dual capacity.

Provision is made for cost-sharing arrangements with the foreign government under the Mutual Security Act and title 10, United States Code, section 712. In order to facilitate such arrangements, the prohibition is not to be effective for 9 months following enactment of this act.

COMPUTATION OF LEVELS OF AID (SEC. 401 (F))

The House bill contained a provision to require the President to submit a report to the Congress before January 10 each year, detailing defense support and special assistance to be furnished for the next fiscal year. The provision also required that such report contain a clear and detailed explanation of the method used in reaching the proposed levels of aid for each country, and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid.

This provision was adopted on the floor after a very short discussion and without

time for thorough analysis. The acting chairman of the committee, however, being sympathetic to the objective of the amendment, supported it. It later developed that the amendment included a drafting error which made the provision apply to the contingency fund instead of special assistance.

The Senate, after study and analysis, did not include this provision in the Senate amendment to the bill.

The Senate conferees took the position that the requirement for assigning dollar figures to all significant "factors" was based on a misconception that an exact monetary measure could be applied to many of the complex "factors" involved, such as the value of an airfield, or the value of the steadfastness of a little country bordering the Soviet bloc. The Senate conferees also took the position that the House provision literally required a public report to Congress and therefore an apparent public commitment by the United States for "levels of aid" for given countries before the Congress had acted and before negotiations with the countries involved had been completed.

The Senate conferees were unwilling to accept the January 10 date requirement on the ground that it was not necessary, that it would conflict seriously with the regular budget process, and that to substitute a later date would serve no useful purpose.

Although the Senate conferees refused to accept the original House language, the committee of conference agreed on the objectives sought to be accomplished. The conferees were keenly aware that although the executive branch annual presentation in support of renewal of the Mutual Security Act has improved, particularly as a result of prodding by the legislative committees during recent years, the presentation is still subject to further improvement.

The committee of conference, therefore, adopted a revision of the House provision which will result in the presentation of data which should facilitate the uncovering of administrative shortcomings and defects where and if they exist. The January 10 date requirement is eliminated and the requirement that a monetary value be assigned to each factor considered in determining levels of aid to each country has been deleted. The substitute language preserves the substance of the House provision. As modified and redrafted it will require the executive branch during the annual presentation to the Congress of authorizations and appropriations under the Mutual Security Act to furnish a detailed explanation of the method by which the proposed programs for each country have been arrived at. The compromise version also requires that the annual presentation include detailed explanations of all significant factors considered in arriving at such proposed programs, thus requiring an explanation and justification of each amount.

MILITARY MATERIEL PRICING FORMULA

Although the Senate receded with respect to its amendment to section 545 (h) of the Mutual Security Act, relating to the valuation of equipment under the military assistance program, the House conferees agreed that the committees of the House and Senate should request a report from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h). Prior to 1956, non-excess-stock items were sold by the military services to the military assistance program at a cost representing the replacement value of a similar but more modern item. In that year section 545 (h) was amended to provide that such sales should be at the same price obtaining for similar transactions between the United States military services or, if there are no such transactions, then at the gross cost for the item concerned, reduced to take into consideration age and condition.

The executive branch has been slow in implementing this provision. All directives have not as yet been issued. One reason for this, of course, is that appropriations were requested in prior years on the basis of anticipated receipts, and an immediate reduction in receipts from the military assistance program would have substantially reduced the funds available to the military services.

The report from the executive branch should give a detailed accounting of operations under the 1956 pricing formula and should contain a comparison of prices charged under the prior formula with those charged under the existing formula.

PROHIBITION AGAINST UNJUSTIFIED PUBLIC WORKS

The House bill contained a provision that prohibited the use of mutual security funds for any flood control, river and harbor or water development project in a foreign country that did not meet the benefit-cost standards and economic feasibility requirements established for similar projects in the United States. The Senate amendment contained no provision on this subject.

The House receded from its position. The committee of conference endorsed the principles contained in the House language but recognized the difficulties involved in their mandatory application to projects carried out in the less developed countries.

INTERNATIONAL LABOR ORGANIZATION (ILO) CONTRIBUTION (SEC. 502 (F))

Section 2 (a) of the joint resolution of June 30, 1948, as amended, authorizes payment by the United States of its share of the expenses of the International Labor Organization (a specialized agency of the United Nations) as apportioned by the Organization in accordance with its constitution. The United States contribution has been limited to \$1,750,000 per annum, although the apportionment as determined by the ILO for the United States in recent years has been 25 percent of the ILO budget. As a consequence, the United States is in arrears in its payments. The House bill amended existing law so as to authorize an annual contribution of not to exceed 25 percent. The Senate bill contained a similar amendment but also a limitation of \$2 million per annum. The conferees were informed that the budget already approved for calendar year 1959 by the ILO governing body amounts to approximately \$8.4 million. Therefore, the United States assessment as apportioned under the ILO constitution would be approximately \$2.1 million, and the \$2 million ceiling would cause the United States to continue to be in arrears. Under these circumstances and since the ceiling on our contribution to the World Health Organization is also expressed as a percentage, the committee of conference accepted the House version.

FOREIGN SERVICE ACT AMENDMENT (SEC. 502 (H))

The Senate amendment included an amendment to the Foreign Service Act of 1946, as amended. The House bill contained no such provision. The committee of conference accepted the amendment included in the Senate version.

Section 571 (c) of the Foreign Service Act permits a Foreign Service officer to accept a position in the Department of State to which he is appointed by the President and is confirmed by the Senate without any loss of his Foreign Service status. Under this section, for example, a Foreign Service officer may be appointed an Assistant Secretary of State. The act makes no provision for a Foreign Service officer to accept a position elsewhere in the Government unless he resigns or retires from the Foreign Service.

The newly appointed Director of the United States Information Agency, Hon. George V. Allen, a Foreign Service officer with nearly 30 years' experience, had to re-

tire from the Foreign Service to accept his new post. The Senate amendment broadens the single exception in the Foreign Service Act to permit a Foreign Service officer to retain his status within the Foreign Service when he is appointed by the President to any position requiring Senate confirmation. The Senate amendment also contains language that makes the change retroactive in order that Mr. Allen may be considered as if he had not retired from the Foreign Service to accept the position of Director of USIA.

INFORMATIONAL MEDIA GUARANTY (SEC. 502 (I))

The Senate amendment contained language that amended section 1011 of the United States Information and Educational Exchange Act of 1948. The House bill did not contain such a provision, although the House Committee on Foreign Affairs had held hearings on this subject and was contemplating action on it this session. The House conferees therefore receded and concurred in the Senate amendment.

The Senate amendment makes possible the continued financing of the Informational Media Guaranty (IMG) program through replenishment of its capital fund. The capital fund which consists of an authority to borrow from the Treasury up to \$28 million is nearly depleted.

The purpose of the program is to encourage the sale of American books, periodicals, films and other informational material in countries where dollars are lacking by guaranteeing to the American distributor the convertibility of local currency sales proceeds into dollars. The program is undertaken only after conclusion of an agreement with the participating country. At the present time the program operates in 11 countries.

Under the program the American exporter sells informational materials to a foreign importer for foreign currency which is exchanged for dollars by the United States Information Agency (USIA), the administrator of the program. Most of the foreign currencies thus acquired are sold by the Treasury Department to other Government agencies for appropriated dollars. These dollars, in turn, are credited to the IMG revolving fund and become available to back the issuance of additional guaranty contracts. The additional dollar funds required to operate the program, over and above the dollars obtained from the sale of these foreign currencies, are borrowed from the Treasury Department against notes assumed by the Director of the United States Information Agency, pursuant to the authority of the Mutual Security Act of 1956.

The Senate amendment authorizes appropriations to restore USIA's borrowing authority for purposes of the IMG program to the extent that it has been impaired by program operations. Impairment to the capital fund arises from three causes: (1) Some foreign currencies acquired under the program must be sold at a lower rate of exchange than the rate at which they were purchased from American exporters; (2) in some countries local currency has accumulated in amounts in excess of United States Government needs so that they cannot in the reasonably immediate future be sold to United States Government agencies for dollars; and (3) in a few countries the United States has been obliged to agree to conditions which place certain restrictions on the types of United States Government activities which can be financed with these currencies.

Since the beginning of the program in 1948 through June 1957, \$13 million of the \$28 million capital fund has been used to convert local currencies into dollars. An additional \$9.6 million is committed to back outstanding guaranties, leaving \$5.4 million available for new contracts as of July 1,

1957. This authority is insufficient to finance the program through fiscal year 1959 unless the capital fund is replenished by appropriation.

The executive branch estimates that IMG contracts will be issued for about \$13 million for each of the next 2 fiscal years. To finance the issuance of some \$26 million in guaranties the capital fund will require replenishment of approximately \$8 million. It is important that the program be financed beyond a 1-year period in order that United States exporters can make their plans.

The amount of the appropriation request is limited to the amount necessary to restore the realized impairment to the capital fund. Impairment is defined to include the amount of realized exchange losses plus the dollar cost of unsalable foreign currencies. The appropriated funds will be turned over to the Secretary of the Treasury to retire outstanding indebtedness, thus permitting USIA to make IMG borrowings in an equivalent amount within the present ceiling after payment of interest charges due.

Through the annual replenishment of the IMG capital fund by appropriation, Congress will retain control over the extent of the program. At the same time the revolving feature will provide assurance of continuity to American exporters participating in the program.

The IMG program is an important adjunct to the work of USIA. It makes available in countries that lack dollars a great variety of informational materials privately produced in the United States. The small loss suffered by the Government is more than compensated for by the greater circulation of important materials in countries that otherwise would not have access to them.

USE OF PUBLIC LAW 480 CURRENCY FOR SCIENCE (SEC. 502 (L))

The Senate amendment amended section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), by adding a provision authorizing the use of Public Law 480 currencies for scientific activities. Under the provision, Public Law 480 currencies could be used to collect, collate, translate, abstract, and disseminate scientific and technological information. They could also be used to conduct and support scientific activities overseas, including programs of scientific cooperation between the United States and other countries. Such cooperative projects and programs would include coordinated research against disease. The House bill contained no similar provision.

The managers on the part of the House receded and accepted the Senate provision with an amendment to make clear that no foreign currencies can be used for this purpose unless specific appropriations are made therefor.

Recent events have demonstrated the need for increased emphasis on scientific activities. There is an urgent need for translations and abstracts of scientific articles and books, both in the United States and abroad. This section will help meet that need. Furthermore, this provision will assist the United States, through cooperative activities, to secure the benefits of increased scientific activity and research abroad. It will help in eliminating diseases common to all mankind and those which are common to particular regions.

WORLD HEALTH ORGANIZATION RESEARCH (SEC. 502 (M))

The Senate amendment amended the act of June 14, 1948, as amended, concerning United States participation in the World Health Organization, by adding a new section 6, declaring it to be the policy of the United States to continue and to strengthen mutual efforts among nations for research against diseases, such as heart disease and

cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases.

The House bill did not contain a provision on this subject.

The managers on the part of the House accepted the Senate amendment. There did not appear to be any basis for disagreement with the objectives of this provision. It involves only matters of direction and of emphasis of existing operations, and it does not call for any additional expense.

The committee of conference recognized the advantages to be derived if in these and other health programs the Executive by appropriate regulation take fullest advantage of the psychological value of the American origin of effective medicines.

JOINT ASSISTANCE PROGRAMS IN WESTERN HEMISPHERE (SEC. 503)

The Senate amendment contained a provision expressing the sense of Congress that the President should, pursuant to the provisions of the Mutual Security Act and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development. The House bill contained no language on this subject.

The committee of conference accepted the Senate language as indicative of continued congressional encouragement to the executive branch to explore every means available in carrying out the objectives expressed in the Senate language.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,

Managers on the Part of the House.

PROBLEMS FACING THE NATION'S RAILROADS

Mr. ROBISON of New York asked and was given permission to extend his remarks at this point in the Record.)

Mr. ROBISON of New York. Mr. Speaker, I am sure that all the Members of this body have by now become fully aware of the very grave problems facing the Nation's railroads today. Without some prompt assistance I fear that many rail lines are headed for bankruptcy, or governmental operation.

The importance of a strong railroad industry to our national economy, both in times of peace and war, cannot be denied. But I think, too often, we are inclined to forget what the railroads also mean to our own individual communities. For instance, in the four counties of the congressional district I am honored to serve, the 37th District of New York, in 1957 our railroads paid a total ad valorem tax to State and local governments of \$1,700,820, and paid wages to 4,882 employees in those counties of \$23,360,213.

Therefore, I very sincerely hope that the conferees on the part of the House for H. R. 12695 will recede with respect to the amendment on the part of the Senate repealing the excise taxes on freight and passenger transportation, and that, thereafter, the House will give prompt consideration to legislation to further relieve the distress of this vital industry that means so much not only to America, but to our respective constituents.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 30, 1958
For actions of June 27, 1958
85th-2d, No. 107

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HIGHLIGHTS: Senate concurred in House amendments to employee training bill. House passed omnibus transportation bill. Both Houses agreed to conference report on mutual security authorization bill. House committee reported mutual security appropriation bill. Both Houses passed appropriation continuation measure, including funds for pay raise costs. House committee ordered reported area redevelopment bill.

SENATE

1. APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 640, making temporary appropriations for fiscal year 1958 to pay for Federal employee pay raises, which had been reported earlier in the day by both Houses (S. Rept. 1765; (H. Rept. 2046). pp. 11297, 11348-50, 11395, 11263. This measure will now be sent to the President.
The Appropriations Committee reported with amendments H.R. 12948, the D. C. appropriation bill for 1959 (S. Rept. 1764). p. 11263
2. PERSONNEL. Concurred in the House amendments to S. 385, to provide general legislative authority for the training of Federal employees. pp. 11297-301. This bill will now be sent to the President.
3. FOREIGN AID. Both Houses agreed to the conference report on H. R. 12181, the mutual security authorization bill for 1958. pp. 11317-9, 11341-8. This bill will now be sent to the President.
4. FORESTRY. Sen. Neuberger inserted various letters on S. 3051, the Klamath Indian termination amendment bill, and the testimony of the National Lumber Manufacturers' Ass'n, which he criticized. pp. 11270-6

5. FARM PROGRAM. The Agriculture and Forestry Committee received permission to file a report before midnight, June 28, on an original farm bill. p. 11267
 6. STATEHOOD. Continued debate on H. R. 7999, to admit Alaska into the Union as a State. (pp. 11278-84, 11285-96, 11301-11, 11313-6, 11320). Rejected a proposed amendment to provide commonwealth status for Alaska (pp. 11286-90), and overruled a point of order on the future defense land withdrawal section (pp. 11290-6, 11301-8).
 7. MINERALS. The Interior and Insular Affairs Committee ordered reported with amendments S. 4036, to provide stabilization payments for the production of certain minerals. p. D606
 8. R.E.A. Sen. Humphrey inserted resolutions of the Carlton County, Minn., Cooperative Power Ass'n and the Northern Electric Cooperative Ass'n urging enactment of the legislation to divest the Secretary of control over REA functions. p. 11260
 9. RECESSED until Mon., June 30. p. 11328
- HOUSE
10. TRANSPORTATION. Passed, 348 to 2, with amendments H. R. 12832, the omnibus transportation bill. pp. 11350-84
Agreed to a committee amendment, as amended by amendments by Reps. Staggers and Roberts, to place under ICC regulation vegetables, coffee, tea, bananas, cocoa or hemp, and wool imported from any foreign country, wool tops and noils, or wool waste, carded but not spun, woven, or knitted. The amendment by Rep. Staggers continues the present exemption of cleaned or scoured wool from ICC regulation. The amendment of Rep. Roberts included bananas in the list of commodities subject to regulation. pp. 11375-7
Rejected amendments by Rep. Miller, Md., to continue the present exemption from ICC regulation of frozen fruits, berries and vegetables, and by Rep. Gubser to restore the existing exemption for frozen fruits, berries, and vegetables in less than carload lots. pp. 11381-2
Substituted the language of H. R. 12832 as passed for that of a similar bill, S. 3778. H. R. 12832 was laid on the table. (pp. 11388-91) Conferees were appointed.
 11. TAXATION. Agreed, 366 to 9, to the conference report on H. R. 12695, to extend for 1 year the corporate normal-tax rate and certain excise tax rates, and to repeal the tax on transportation. pp. 11332-41, 11385-6. This bill will now be sent to the President.
 12. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 13192, the mutual security appropriation bill (H. Rept. 2048). p. 11395
 13. FORESTRY. The Agriculture Committee reported without amendment H. R. 12161, to provide for the establishment of townsites from national forest lands (H. Rept. 2044). p. 11394
 14. AREA REDEVELOPMENT. The Banking and Currency Committee ordered reported with amendment S. 3683, to establish an effective program to alleviate conditions of substantial unemployment in certain economically depressed areas. p. D608
 15. WATER RESOURCES. A subcommittee of the Merchant Marine and Fisheries Committee ordered reported with amendment H. R. 13138, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal water resource development programs. p. D608

be concluded on either Monday, Tuesday, Wednesday, Thursday, or, if necessary, even beyond that, because it is the intention to continue with consideration of the bill until a decision on it is reached.

Mr. President —
The PRESIDING OFFICER. The Senator from Montana.

MUTUAL SECURITY ACT OF 1958— CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read, for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 26, 1958, pp. 11109-11114, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. GREEN obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator from Rhode Island yield to me?

Mr. GREEN. I yield.

Mr. DIRKSEN. I understand that the report is a unanimous one.

Mr. GREEN. That is correct.

Mr. DIRKSEN. I also understand that the report has been agreed to by the House of Representatives.

Mr. GREEN. That is also correct.

Mr. President, the House of Representatives has approved the conference report which now is before the Senate. The report also has the unanimous approval of the Senate conferees.

I think it is probably correct for me to say that no individual conferee is entirely satisfied with everything contained in the final draft of the bill. But at the same time, I think all of them agree that the conference agreement is a fair compromise of conflicting and strongly held views.

The House had authorized a total of \$2,958,900,000; the Senate a total of \$3,068,900,000. The conference report carries a total of \$3,031,400,000, an amount precisely half way in between. This may prove deceptive, however. In regard to individual items, the Senate had authorized less than the House in some cases, and more than the House in others. With respect to all items except administrative expenses, the conference report figures are more nearly those of the Senate than those of the House.

Mr. President, I ask unanimous consent that a table showing the figures in detail be printed in the RECORD, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Mutual security authorizations, fiscal year 1959

[In thousands]

	Admin- istration request	House amounts	Senate amendment	Conference agreement
Sec. 103 (a). Military assistance.....	\$1,800,000	\$1,640,000	\$2,400,000	\$1,605,000
Sec. 131 (b). Defense support.....	835,000	775,000		
Sec. 304. Bilateral technical cooperation.....	142,000	150,000	150,000	150,000
Sec. 306 (a). United Nations technical cooperation.....	20,000	20,000	20,000	20,000
Sec. 306 (b). OAS technical cooperation.....	1,500	1,500	1,500	1,500
Sec. 400 (a). Special assistance.....	212,000	185,000	212,000	202,800
Sec. 405 (c). U. N. High Commissioner for Refugees.....	1,200	1,200	1,200	1,200
Sec. 405 (d). Escapees.....	8,600	8,600	8,600	8,600
Sec. 406. U. N. Children's Fund.....	11,000	11,000	11,000	11,000
Sec. 407. Palestine refugees.....	25,000	25,000	25,000	25,000
Sec. 408. NATO civilian expenses.....				
Sec. 409 (c). Ocean freight.....	2,100	2,100	2,100	2,100
Sec. 410. Control Act expenses.....	1,000	1,000	1,000	1,000
Sec. 411 (b). ICA administrative expenses.....	33,000	33,000	31,000	33,000
Sec. 419 (a). Atoms for Peace.....	5,500	5,500	5,500	5,500
Sec. 451 (b). Contingency fund.....	200,000	100,000	200,000	155,000
Total.....	3,297,900	2,958,900	3,068,900	3,031,400

NOTE.—Section numbers refer to Mutual Security Act as amended by H. R. 12181.

Mr. GREEN. Mr. President, I shall not take the time of the Senate to outline all the changes made by the conference committee in the bill as it passed the Senate. However, I do want to comment briefly on two points which are of more than ordinary importance.

First, it will be recalled that the Senate version of the bill contained a policy statement which recognized the importance of Indian economic development, and expressed the sense of the Congress that it would be in the national interest to join with other nations in helping India make her economic development program a success. The Senate rejected, by a vote of 35 to 47, an

amendment to strike this section from the bill. On the other hand, the House conferees felt strongly that individual countries should not be named in the act, and argued further that this particular section had not been considered by the House. The Senate conferees therefore agreed to recede. However, it was the opinion of most of the conferees on both sides that Indian economic development is of the utmost importance, and that the act should be administered in a manner which recognizes this fact.

The second point deals with the question of what, if any, provision should be made as to the impact of the mutual security program upon the domestic

economy of the United States. The Senate version of the bill contained a section known as the "Payne amendment," after its original sponsor, the distinguished junior Senator from Maine. This amendment prohibited the use of specified International Cooperation Administration funds for offshore commodity procurement, except that if the President made certain determinations, then up to half of the funds could be so used. The House version of the bill contained no provision exactly comparable. It provided, instead, simply for an annual review of the problem by a Cabinet committee.

The Senate version of the bill also contained a provision, which had been offered on the floor by the distinguished junior Senator from New York [Mr. JAVITS], which directed the Department of State and the Department of Commerce to make a study of ways and means to utilize more effectively private enterprise in achieving the objectives of the program. The conferees broadened the provision regarding this study to include ways and means of protecting private enterprise, so as to stabilize and expand the domestic economy and to prevent adverse effects.

At the same time, the conferees struck out the other provisions of both the Senate and the House versions of the bill. In all candor, I must say that personally I am not satisfied with the action of the conference committee on this point. I voted against it in the conference, but I found myself in the minority.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD a more detailed statement of the differences between the two Houses.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR GREEN

Aside from the points covered above, the conference report differs from the Senate bill in these major respects:

United Nations technical assistance program: The Senate bill left unchanged the requirements of existing law providing a sliding scale by which the United States contribution would be reduced to 33.33 percent by 1960. The House bill substituted a flat, permanent ceiling of 40 percent. After considerable discussion, the conferees agreed to the House provision, with minor modifications in language. A case can be made for a reduction to 33.33 percent by 1960 but this is perhaps too precipitous in view of the new responsibilities which the United Nations is undertaking in connection with the special projects fund created by the last General Assembly. At the same time, it should be emphasized that the 40 percent figure in the conference bill is a ceiling and is not to be taken as an indication that a 40 percent contribution is authorized annually for the indefinite future. I also call attention to the fact that this figure itself is a reduction from the 45 percent which the United States is contributing this year.

Palestine refugees: Both House and Senate authorized appropriation of \$25 million for contributions to the UN Relief and Works Agency. The Senate earmarked \$5 million of this amount for use only for repatriation or resettlement of the refugees. The conference agreement earmarks 15 percent of the amount of whatever may be appropriated.

Malaria eradication: The House bill contained an authorization for the Development Loan Fund to be used for this purpose. The Senate bill did not. The conference report follows the House version with language making it perfectly clear that when the Development Loan Fund is so used, it must be in accordance with the provisions governing the Fund—that is, on the basis of repayment.

It was the consensus of the conferees that in these and other health programs the administration should consider ways of deriving psychological benefits from the use of effective medicines of American origin.

Congressional use of foreign currencies: The conference report follows the language of the Senate bill with one exception. The Senate bill required publication of itemized expenditures of each committee and also of each committee member or employee. The conference bill requires publication only of the itemized expenditures of each committee and subcommittee. Although this does not go so far as some Members would like, it is a real step forward. Nor is it necessarily the final step. The Foreign Relations Committee intends to give further attention not only to the problem of congressional use of foreign currencies but also to the use of dollars for congressional travel.

Completion of plans and cost estimates: The House bill contained a provision, which was not in the Senate bill, prohibiting obligation of certain ICA funds until the completion of reasonably firm estimates of the cost of the project to the United States, and until foreign legislative approval in 1 year can reasonably be anticipated in cases where such approval is required. The substance of this provision remains in the conference report with two changes: (1) it is made applicable only to obligations in excess of \$100,000; and (2) funds which are obligated under the section may be deobligated and used for other purposes.

Definition of value: The Senate bill contained a section, offered on the floor by the distinguished senior Senator from Louisiana [Mr. ELLENDER], redefining "value" for purposes of transfer of military equipment from the Army, Navy, or Air Force to the military assistance program. On further study of this very complex subject the conferees concluded that the present definition of "value" in the law is sound. Therefore, this amendment was omitted from the conference report. However, the Foreign Relations Committee intends to give further attention to the implementation of the valuation provision by the executive branch.

International labor organization: Both Senate and House placed a ceiling of 25 percent on United States contributions to the International Labor Organization. The Senate, in addition, placed a ceiling of \$2 million a year. The conference report follows the House bill.

Acceptance of foreign offices by military personnel: The Senate bill contained a provision repealing authority now contained in section 712 (b) of title 10 of the United States Code for members of the military services detailed to certain foreign governments to accept offices, compensation, and emoluments from those governments. Under the conference report, a member so detailed may continue to accept offices, with the prior approval of the Secretary of the military department concerned. However, he may not accept emoluments or compensation. The conferees were impressed with the argument that in a limited number of cases it may well be in the interest of the United States for an American military officer to be given a simulated rank. The conferees do not expect this authority to be used often.

Military assistance to Latin America: A final word needs to be said about military

assistance to Latin America. The existing law requires such assistance to be in accordance, and I quote, "with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere." The Senate bill required the President annually to review such findings and to determine whether military assistance is necessary. The Senate bill also provided that internal security requirements "shall not normally be the basis for military assistance programs to American Republics." There were no comparable provisions in the House bill. The Senate version remains unchanged in the conference report. This language is something more than simply a restatement of existing law. Under existing law, for example, military aid may be furnished for the purpose of internal security if this is one of the purposes included in defense plans as important to the defense of the Western Hemisphere. Under the new language, military aid may not, except in extraordinary circumstances, be furnished for internal security even if such a purpose is included in defense plans.

There were also a number of minor changes which the conferees agreed upon which were of a noncontroversial nature.

Mr. GREEN. Mr. President, I ask for a vote on the conference report.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. COOPER. Mr. President, I ask unanimous consent to have printed in the RECORD, before the vote on the conference report, a statement which I have prepared.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

I regret very much that the authorization in the mutual security bill voted by the Senate were reduced in conference.

I am particularly glad that the authorization for the Development Loan Fund was maintained. It is my view that through asserting the economic development of other countries—helping them in their efforts to raise their standards of living—and thus help them to maintain freedom and sovereignty will, in the long run, serve our national interests, our humanitarian purpose, and friendly and struggling people throughout the world.

I am disappointed that the policy statement relating to India was stricken from the bill in conference.

The provision stated the sense of the Senate that the United States should assist India to attain its current economic objectives, as important in the peace and our national security.

Yet the fact that the resolution, which Senator KENNEDY, of Massachusetts, and I introduced was adopted without dissent from the Foreign Relations Committee, and after full debate in the Senate, was passed by the Senate, gives proof of the sentiment and the support of the Senate, more closely connected with the conduct of foreign policy than the House toward India.

I understand that the position of the House was based on the thesis that one country should not be singled out and not because of any disapproval of the purposes or objectives of the policy statement regarding India.

I am particularly glad that the distinguished chairman of the Senate Foreign Relations Committee [Senator GREEN] had just stated that it was the sense of the majority of the conferees that they were in sympathy with the purposes of their policy statement.

He has further stated that he believes the purposes of the resolution should be taken into account by the executive department.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there may be printed in the RECORD, prior to the vote on the conference report, at the request of the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Minnesota [Mr. HUMPHREY], statements prepared by them on the conference report.

There being no objection the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNEDY

As the sponsor of the two amendments which received the most intensive debate during the Senate's consideration of the Mutual Security Act, I should like to make a very brief statement.

The first of these amendments, to modify the Battle Act, was defeated by one vote because the administration withdrew the support that had been freely given during the weeks preceding the debate. I shall not now renew a discussion of this episode, since the amendment did not reach the House-Senate conference. I would only suggest that recent events in East Europe—the execution of Nagy and Maléter, the new Soviet economic and political pressure on Yugoslavia, the pressure now being exerted to narrow the range of freedom in Poland, and the Polish reaction to the Hungarian executions—all demonstrate the opportunities which a more flexible United States foreign policy might exploit to crack the Iron Curtain. We should be ready to move in Eastern Europe with a concrete program—but we are not ready. We are apparently ready only to pass unanimous resolutions of condemnation. The events of recent weeks make it all the more tragic that the flexibility contemplated in the revision of the Battle Act was undercut on partisan political grounds so as to further inhibit the President's freedom of action.

About the second amendment—the resolution stating United States interest in the success of the Indian 5-Year Plan and encouraging greater free world association in its support—I should like to say a special word.

I regret that the House conferees did not accept this amendment. I believe this was a serious error. Together with my colleagues on the Senate Foreign Relations Committee I cannot accept the House view that there are adequate provisions regarding India in the legislation itself. However, I realize that this was a matter which was not considered either in committee or on the floor in the House. Without such clear guidance it was obviously difficult for the House managers to accept the amendment in the policy section of the bill. I am confident that it was the inability of the House of Representatives to deliberate on the question rather than an opposition to the sense of the resolution which forced the elimination of the India section from the final draft of the Mutual Security Act of 1958.

What is important is that the Senate Foreign Relations Committee unanimously and the Senate by majority vote did approve this section, which Senator COOPER and I introduced, after vigorous and full debate. The sense of the Senate was clear and was reached after a full canvass of the situation in India. I hope that the administration will not fail to echo the Senate's action.

No one who has recently examined the state of affairs in India has emerged without a sense of danger to democracy, on the one hand, and a sense of great potentiality and underlying momentum on the other. The danger is unmistakable—the peril of another

China story. If crisis should come in India, along the lines of our troubles in Indonesia and the Middle East, I am sure the executive branch and the Congress will react and do what is then possible. But crises are expensive; and money is often of little help, once crises arise.

The challenge of India is the challenge of whether we as Americans have yet learned to act in foreign affairs on our opportunities, before crisis has closed in. We still have that chance in India.

Of course, we do not wish so to concentrate in one area that we forget about other nations and other problems. On the other hand, India is the largest area where the struggle between democracy and communism is now proceeding. Forty percent of the population of the underdeveloped areas of the free world lives in that nation. Their fate is poised in the balance. India could move forward or slip backward. India is a living concrete problem. Struggles are not won by invoking bureaucratic rules. They are won by those who face their problems and act with adequate resources at the right time. The right time in India is now, in the coming year.

I think I can assert with confidence that this body will respond to an affirmative program of action from the administration. The Indian people in turn have the assurance of the Senate that their economic stability and future progress is, and will continue, a matter of first concern.

STATEMENT BY SENATOR HUMPHREY

I desire to comment briefly on two points regarding the Mutual Security Act of 1958.

The first has to do with the method of calculating the percentage of the United States contribution to the United Nations Technical Assistance Program and related activities. The House provided a ceiling of 40 percent. The Senate followed the law enacted last year, which provided for a sliding-scale reduction to 38 percent in 1959 and 33.33 percent in 1960 and thereafter. The conference report, I am glad to say, follows the House version.

The conference report, however, leaves somewhat ambiguous the legislative history regarding the base on which the United States percentage is to be calculated. The House committee report on the mutual-security bill suggested that there should be included in the base contributions by recipient governments in the form of local cost assessments. These assessments are required to be paid into the central fund of the U. N. program and are subject to all the auditing and other requirements applying to expenditures from that fund.

The Senate committee report specifically rejected suggestions that these local cost assessments should be included in the base on which the United States contribution is calculated. The Senate committee declared that these assessments should not be used as a device to increase the United States contribution.

The law itself is silent on this matter, and I can only say that I personally hope the administration will follow the suggestion of the House Foreign Affairs Committee.

The second point upon which I desire to comment is the amendment which the Mutual Security Act of 1958 makes to Public Law 480. This amendment authorizes foreign currencies accruing under title I of Public Law 480 to be used "to collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries, such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe." In order to meet a point of order in the House, the conferees added lan-

guage specifically requiring that foreign currencies be appropriated before they can be used for this purpose.

What I want to emphasize here is that this amendment to Public Law 480 is no idle gesture on the part of the Congress. I hope it will be taken by the administration, not merely as an authorization to engage in these scientific activities if they happen to feel like it, but as a congressional mandate that they are expected to do so. It is the clear intent of this section that the administration prepare plans for these activities and that it seek appropriations to carry out those plans.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AGREEMENTS BETWEEN THE UNITED STATES AND THE SOVIET UNION

MR. KEFAUVER. Mr. President, there have been increasing signs both in the United States and in the Soviet Union of relaxing efforts toward a summit meeting. The brutal executions in Hungary which have pointed to a revival of Stalinism as an instrument of Soviet policy have been cited as a reason for having no meeting at the summit.

The Government-inspired demonstrations against our Embassy in Moscow and against other Western embassies have also been taken as reasons for giving up hope for an eventful meeting at the summit.

Now we have been notified that the Soviet Union has called off participation in a meeting of scientists which was to explore the reliability of methods of detection of nuclear explosions. The Soviets called such a meeting useless.

The decision which has now been announced by the State Department to proceed with the meeting at Geneva on the scientific aspects of the detection of nuclear explosions is both wise and statesmanlike. Whether the Soviet Union joins in or not, we need to know what is possible to achieve in this field. I am confident that the day will come when the Soviet Union will deeply regret nonparticipation in this meeting.

It has been pointed out here also that a new lack of interest in a summit meeting on the part of the Soviet Union is demonstrated by the fact that the Soviet experts have put forward conditions which they know would not be acceptable to the United States and its allies.

On the other hand, almost precisely the same argument has been suggested in the Soviet Union itself about the United States.

It has been said also that Communist China believes in war as a policy, and since she must depend, in the event of war, on Soviet arms—particularly nuclear arms, since she has none of her own—she is discouraging a meeting at the summit in fear of such a meeting resulting in Soviet disarmament.

There have been statements made that the new Communist bloc attacks on Yugoslavia represent a withdrawal of the Soviet Union and its associated states into a tighter bloc behind a stronger Iron Curtain.

These speculations may prove true or not. But none of them, in my judgment, would warrant the United States in relaxing any efforts toward a fruitful meeting at the summit. As a matter of fact, even if some of these speculations prove to be true, efforts on our part to reach a summit meeting seem all the more advisable.

It has been said that no useful meeting between the heads of the United States and the Soviet Union would now be possible, for the reason that there would exist no grounds for mutual confidence.

I was not aware that this state called mutual confidence ever was expected at the summit meeting. It is perfectly clear that we are not going to have any agreements of the kind that we might make, for instance, with Great Britain, or even with Western Germany or Japan. In those cases there would be mutual confidence that agreements made would be respected.

The kind of agreements which can and should be made between the West and the East, as represented by the Soviet Union, will have to be agreements based, not on confidence, but on necessity. If confidence were all that was required, there would be no necessity of preparing, as we are preparing, for a system of detection for nuclear testing. It is because there is no mutual confidence that both sides are concerned with a system of testing. That does not mean, however, no agreement is possible.

There are throughout life necessary agreements between parties who hate, fear, and despise each other. But the necessities of life require such agreements to be made and kept. This applies just as well to agreements between nations.

Sworn enemies, as we all know, sometimes are capable of doing business with each other for the simple reason that the business is necessary to both parties. This is the case, I think, between the East and West.

The necessity for an agreement, or a series of agreements, is compelling. A state of mutual deterrence is a sort of agreement without an agreement. But the kind of weapons we have both developed and are developing are so supremely dangerous to the life, not only of all the large nations which might be involved in a meeting at the summit, but to all mankind, that we are required to exert our highest efforts to a lessening of the danger.

On the other hand, the cost of maintaining and developing weapons of the character now available is so tremendous that it is eating up man's substance and the substance of nations. We know, and we need not guess, that the economic pressures on the Soviet Union and the Soviet people are as great as or greater than they are on our own.

Secretary McElroy said at Quantico the other day that the defense budget for year after next would be about \$2 billion higher than the \$40 billion defense budget for the fiscal year which will begin July 1.

In the new fiscal year, we are now told, we shall have a Federal deficit on the order of \$11½ billion. It seems obvious

that a deficit at least as great, and perhaps greater, is in store for the United States in the following fiscal year. We may get through next year without raising taxes, once more, but we cannot go into a long period of large deficits without raising taxes. That ought to be clear to everybody.

The costs of our defense, as necessary as they have been, have now ruled out tax cuts of any considerable nature, and they are going to demand, before long, increases in taxation.

More than that, the enormous burden of defense costs is going to postpone, perhaps indefinitely, the capital improvements in our school system, our public health system, and many other fields where public investment needs to be made.

But what if it is true that the Soviet Union and its leaders, for reasons we can only guess at, have decided that there shall be no meeting at the summit? At least our continual pushing for such a meeting will take some of the burden off us that is on us now.

Our foreign policy was in a straitjacket for so long a time, and our reluctance to make any motions toward an agreement of any kind in any field has, at times, given the impression in the uncommitted world that we are either the warmongers the Soviet Union wishes to make us out, or we have no real interest in peace.

In the propaganda war between the United States and the Soviet system, we have often come out on the wrong side of the ledger. We can change that picture now if the Soviet Union now decides to withdraw from a meeting at the summit, if we resolutely push toward it.

In the past, on such matters as the exchange of persons and the resumption of trade the Soviet Union has sometimes appeared more anxious for agreement than ourselves.

On June 3, for example, the Soviet Union delivered to the United States a long and forceful letter on the resumption of trade between the two countries. I cannot tell whether Khrushchev was taunting us or not in this communication, but it contains a fact which appears to have entirely escaped the notice of the press and the American people.

At one point Khrushchev writes as follows:

I want to stress particularly, Mr. President, that in putting forward this proposal for greater Soviet-American trade, the Soviet government does not mean armaments or equipment for military production.

Khrushchev is saying here that the Soviet Union is not asking for strategic materials from the United States. Yet a few paragraphs later he presents a list of goods which could be sent to the United States in return for Soviet purchases here.

I quote again:

The Soviet Union is capable of effecting payment for its purchases by deliveries of Soviet goods, which are of interest to the United States, including manganese and chromeores, ferro-alloys, platinum, palladium, asbestos, potassium salts, timber, cellulose and papers, certain chemical products, furs, and other goods. If the American companies should be interested, the Soviet Union could examine the question of developing the mining of iron ore for deliveries

to the United States. At the same time, the Soviet Union could offer the United States a number of types of modern machines and equipment of interest to American companies.

Mr. President, it should be noticed that at least two-thirds of the items offered us by the Soviet Union are of the character which we regard as of strategic value and which we would not ship to the Soviet Union or any other nation of the Soviet bloc.

It has been said by some political commentators that the United States has been trying to slow down efforts for a Summit meeting for political reasons. It has been charged that the administration desired the meeting to be held, if it is held, near the time of the November election, so that a rosy glow would be cast over the voters. I cannot endorse this view. But it is clear that there has been a slowing down of the movement toward the Summit. I do want, however, to reiterate my satisfaction with the meeting at Geneva, whether or not the Soviet attends.

Yet the urgent needs of the world, the best interest of our country, our allies, and of all mankind insist that, no matter what may be done or felt on the other side, we ourselves must push forward to any kind of agreements which it is possible to make looking toward an easing of world tensions.

The smaller nations of the world are greatly desirous that there be a Summit meeting and that some end be sought to this mad armament race. Even if no agreements are possible at the Summit, let it be clear that the United States is willing to do everything in its power to try.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 640) making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes, and it was signed by the President pro tempore.

STATEHOOD FOR ALASKA

The Senate resumed the consideration of the bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union.

Mr. CHURCH. Mr. President, I am very much gratified at the votes of the Senate this afternoon. I feel very hopeful that we may well be on our way to adding the 49th star to the American flag.

I am particularly pleased that the Senate did not approve the amendment offered in the nature of a substitute which would have given commonwealth status to Alaska, for in so doing we would have launched upon a course of imitation of the British Empire that is quite alien to the American tradition. The whole American tradition has been the development of a single nation—not

an empire—and statehood has been the mortar of its construction.

Mr. President, I hold in my hand a resolution adopted by the Young Democratic Club of the District of Columbia endorsing the principle of Alaskan statehood. I am informed the resolution was adopted on June 24th, after lengthy discussions by the Young Democrats, by an overwhelming vote of that organization.

Mr. President, as you know, the citizens of the District of Columbia are in the anomalous situation of the citizens of Alaska, in that they lack both the franchise and representation in the Government which directs their affairs.

I therefore think it appropriate that the resolution of the Young Democratic Club of the District of Columbia, heartily endorsing the cause of Alaskan statehood, be printed at this point in the Record, and I ask unanimous consent therefor.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

RESOLUTION ON STATEHOOD FOR ALASKA

Whereas by the Treaty of Purchase of the Territory of Alaska, the United States Government pledged to the inhabitants of the Territory that they would be admitted to the enjoyment of all the rights, advantages, and immunities of citizens of the United States, and shall be maintained and protected in the free enjoyment of their liberty; and

Whereas the traditional tests for admission of a Territory to statehood have been achieved by the citizens of Alaska in that they vigilantly affirm and practice democracy; in that they eagerly desire to become a State and in that they present in ample measure the resources and capabilities necessary to assume the responsibilities of statehood; and

Whereas it has consistently been the policy of the Democratic Party to favor and promote statehood for Alaska: Be it therefore

Resolved, That the Young Democrats of the District of Columbia, who well know the frustration of being without suffrage and the inequities of taxation without representation, do strongly urge favorable consideration by the United States Senate of the bill passed by the House of Representatives calling for the enactment of statehood for the Territory of Alaska; be it further

Resolved, That the officers of this club convey the desire of the Young Democrats of the District of Columbia as expressed in this resolution to the attention of the United States Senate.

DEFENSE DEPARTMENT REORGANIZATION

Mr. DOUGLAS. Mr. President, hearings on one of the most important measures that has ever been before Congress are now being held before the Senate Committee on Armed Services. I refer to the proposal of the President to reorganize the Department of Defense.

In the attempt to meet the demands of the administration, I believe the House went too far, and made numerous concessions which are not in the public interest.

Last week the distinguished junior Senator from Montana [Mr. MANSTFIELD] and I addressed a letter to Members of the Senate on this side of the aisle, which the junior Senator from Missouri [Mr. SYMINGTON] was kind enough to have printed in the hearings before the Armed

Mr. Steed with Mr. Radwan.
Mr. Rogers of Colorado with Mr. Jenkins.
Mr. Teague of Texas with Mr. Reece of Tennessee.
Mr. Davis of Georgia with Mr. Riehlman.
Mr. Dies with Mr. Williams of New York.

Mr. GRIFFIN changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

CORRECTION OF ROLLCALL

Mr. DAWSON of Utah. Mr. Speaker, on rollcall No. 109 I am recorded as not voting. I voted "yea," and ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

MUTUAL SECURITY APPROPRIATION BILL

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on the mutual security appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. TABER reserved all points of order on the bill.

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 26, 1958.)

Mr. MORGAN. Mr. Speaker, the committee of conference on H. R. 12181 has reported substitute language for both the House bill and the Senate amendment which I believe merits the full support and approval of both the House and the Senate.

The House bill authorized \$2,958,900,000. Exclusive of a \$2.4 billion limitation on military assistance and defense support, the Senate bill was \$145 million higher, authorizing \$3,103,900,000. The conference committee version authorizes \$3,031,400,000. This is \$72.5 million higher than the House and lower than the original Senate figure by the same amount. In compromising the authorization figures the Senate receded on its limitation relating to military assistance and defense support and the following changes were made in the fig-

ures authorized in the House version: Military assistance was cut \$35 million, defense support was increased \$35 million, special assistance was increased \$17,500,000, the contingency fund was increased \$55 million, and administrative expenses were restored by \$2 million to the original House figure.

The Senate version followed the conventional form of the Mutual Security Act. The House bill rearranged title headings in order to place military assistance and defense support under separate chapters. This was to make clear that defense support is actually economic assistance, although necessary for military needs. The House structure of the bill was accepted by the Senate with a modification to clarify the category of special assistance.

The Senate version required an annual review by the President of military assistance to Latin America and provided that internal security requirements should not normally be the basis for military assistance to Latin America. The House conferees accepted the Senate language as recent events indicate the need for a restatement of policy that military assistance to Latin America be furnished for internal security requirements only under extraordinary circumstances.

The House conferees also agreed to a compromise on a Senate change making it possible for the Austrian Government to use excess counterpart funds which are not available for United States use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The compromise limits the utilization of excess counterpart to the equivalent of \$4 million and further utilization will require congressional approval.

The Senate version contained no provision similar to the House language prohibiting assistance to Yugoslavia unless certain requirements are met. Section 143 of the present law is substantially similar to the House provision. The committee of conference decided that in view of recent developments in Yugoslavia, it would be undesirable to make any change at this time.

The House conferees also accepted language creating the post of Under Secretary of State for Economic Affairs in the Department of State and the abolition of the Deputy Under Secretary of State for Economic Affairs. The House conferees also agreed to a Senate amendment which makes it possible for the newly appointed Director of the United States Information Agency, a foreign service officer of nearly 30 years' experience, to retain his status within the foreign service.

The House conferees also agreed to a Senate amendment which makes possible the continued financing of the Informational Media Guaranty program through replenishment of its capital fund. Although the House bill did not contain such a provision, the Committee on Foreign Affairs has held hearings on this subject and was planning action during this session.

The House bill contained a provision abolishing the International Development Advisory Board. The Senate version, which was accepted by the House conferees, left the Board in existence. The Board has had no members since last September, but it was learned that primary reasons for the delay in its reactivation were the resignation of the ICA Director last fall and the appointment of a new Director, as well as the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board. The statement of the managers emphasizes the advisability of having the Advisory Board utilize advisory groups representing business, labor, agriculture, public health, science, and education.

Both the House and Senate versions contained provisions to provide for and tighten reporting and other requirements which apply to the expenditure of foreign currencies for official travel by Members of Congress and employees of the House and Senate. The committee of conference adopted a compromise version which requires each Member or employee of any congressional committee to report to the chairman of his committee an itemized listing of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the Committee on House Administration or the Committee on Appropriations of the Senate and published in the CONGRESSIONAL RECORD. This provision will take effect on the date of enactment of the bill.

The Senate amendment contained no language similar to the House provision that for the calendar year 1959 and thereafter the United States contribution to the United Nations technical assistance and related programs may be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any year. The committee of conference accepted the House language with clarifying amendments.

The House bill authorized \$25 million for the United States 1950 contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate authorized an identical sum, but included a proviso that \$5 million be used only for rehabilitation or resettlement of such refugees. If the entire \$25 million were appropriated, the \$5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the \$5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of \$5 million for repatriation or resettlement. We have spelled out in the statement of the managers that the committee of conference is not satisfied that officials of the governments in the Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

The House bill contained a provision on "protection of the United States economy." This would have required an annual review of operations under the program to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. The Senate amendment contained a section which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the procurement did not result in adverse effects upon the economy of the United States. The Senate version also contained a provision for a review of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign-policy efforts of the United States. These three provisions were modified by the committee of conference by substituting a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference was of the opinion that inasmuch as over 50 percent of ICA financed procurement already takes place in the United States that provision would not be necessary, and it was not retained in the final version.

As passed by the House, H. R. 12181 contained a provision prohibiting the return to the United States of military arms or ammunition furnished to foreign governments by the United States under any foreign-assistance programs of the United States. The Senate version did not include ammunition. Compromise language was adopted which includes ammunition. The conference report spells out that the prohibition is not to apply to military firearms or ammunition imported for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference accepted House language concerning malaria eradication with a modification to clarify that the Development Loan Fund may furnish assistance designed to augment the efforts of other peoples to eradicate malaria.

The Senate bill contained two provisions accepted by the House conferees relating to the detail of United States personnel to foreign governments. These related principally to cost-sharing arrangements and a prohibition that such persons must not receive compensation from any foreign government.

The Senate receded with respect to its amendment which related to the valuation of equipment under the military assistance program, but the House conferees agreed that the committees of the House and Senate should request a re-

port from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h) of the Mutual Security Act.

The Senate accepted, in modified form, the House provision which makes it possible for the United States to contribute its apportioned share as a member of the International Labor Organization. At present, the United States is in arrears because of an authorization ceiling in existing law. The accepted House version will authorize an annual contribution of not to exceed 25 percent of the organization's expenses.

The Senate bill contained a provision authorizing the use of counterpart currencies to collect, collate, translate, abstract and disseminate scientific and technological information. The Senate bill also contained a proviso that it will be the policy of the United States to continue and strengthen mutual efforts among nations for research against diseases such as heart disease and cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases. The House conferees agreed to these provisions.

The Senate version contained a provision expressing the sense of Congress that the President should seek to strengthen cooperation in the Western Hemisphere by encouraging joint programs of technical and economic development. The House conferees accepted the Senate language because it is indicative of continued congressional encouragement to the Executive to explore every means available in carrying out such objectives.

The House bill contained a carefully drafted provision relating to completion of plans and cost estimates which was designed to tighten the administrative procedures of the International Cooperation Administration. The committee of conference accepted the House provision with two modifications. The first limits the application of the section to obligations in excess of \$100,000, and the second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and, if not used, would revert to the Treasury. In accepting these modifications, the managers on the part of the House were impressed by the claim that application of the provisions of this section to small transactions might seriously impede the operation of the program. They were also impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or international situation might not make desirable the abandonment of a project for which funds had been obligated. The acceptance of these modifications still leaves the provision a strong means of correcting certain administrative defects which have been brought to the attention of the committee and which are still the subject of review by the committee.

The House bill contained a provision on computation of levels of aid which

required the President to submit a report to the Congress before January 10 each year detailing defense support and special assistance to be furnished for the next fiscal year. This provision also required that such report contain a clear and detailed explanation of the method used in reaching the proposed levels of aid for each country and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor, and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid.

The Senate amendment contained no provision on this subject.

The Committee on Foreign Affairs had not had an opportunity to study this provision before its adoption by the House. Although the committee accepted this language as a floor amendment because of its sympathy and agreement with its objectives, further study in the committee of conference indicated improvements were reflected in the compromise language accepted by the conferees. The committee of conference was impressed by the contention that requiring submission of part of the mutual-security program before January 10 of each year would conflict with the regular budget process. Further study also indicated that the House language, as originally drafted, would involve to an impracticable extent an exact measure in dollars for each of the complex factors involved in assessing security interests of the United States and the free world. The compromise version retains the spirit of the House amendment and the conferees expect it will prove a significant factor in improving the executive presentation next year of the justification for renewal of the Mutual Security Act.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. LAIRD. I would like to ask the gentleman from Pennsylvania if the authorization for funds for the International Labor Organization remained as it was when the bill passed the House?

Mr. MORGAN. Yes.

Mr. LAIRD. That money is still in the bill? That authorization is still in the bill; is that correct?

Mr. MORGAN. The money is still in the bill.

Mr. LAIRD. Is there a dollar limitation on that?

Mr. MORGAN. No; there is a percentage figure of 25 percent.

Mr. LAIRD. Can the gentleman tell us about how much that is likely to amount to each year?

Mr. MORGAN. For 1959, it will be \$2,100,000.

Mr. LAIRD. It is my recollection that heretofore that authorization had not been in this bill.

Mr. MORGAN. No; the authorization had not been in the bill. There has been a limitation of \$1,750,000.

Mr. LAIRD. This will represent a greater dollar expenditure than has heretofore been made for that purpose?

Mr. MORGAN. The other body put a limitation of \$2 million in the bill. The House had the percentage figure in the bill. The conferees adopted the House language because there would be a shortage in the budget for 1959 of \$100,000 under the limitation of \$2 million in the Senate version.

Mr. LAIRD. That is for the fiscal year 1959?

Mr. MORGAN. It is for the calendar year 1959.

Mr. SMITH of California. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. SMITH of California. In connection with the language on page 23 of the report regarding the munitions control section, 205 (k), it is my understanding that the conferees gave consideration to placing a cutoff date in the bill which, I believe, was at the request of the Department of State, this cutoff date to be May 14, 1947, the date that the Greek-Turkish assistance program started; is that correct and will the gentleman explain it?

Mr. MORGAN. The Department of State requested the date, May 22, 1947, which was the date of enactment of the act providing assistance to Greece and Turkey. We gave consideration to it but determined that it would be subject to a point order because the date was not included in either version of the bill.

Mr. SMITH of California. But that date was requested by the Department of State?

Mr. MORGAN. The date was suggested by the executive branch of the Government, that is, the effective date of the Greek-Turkish assistance program.

Mr. SMITH of California. But, you did give consideration to that date of May 14, 1947, and had it not been subject to a point order that undoubtedly would have been the date placed therein, and the committee so felt?

Mr. MORGAN. The gentleman is correct, although the date suggested was May 22, 1947.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. MORANO. As I understand it then, there is not a cutoff date in the conference report; is that correct?

Mr. MORGAN. No. Therefore, it includes lend-lease.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. PASSMAN. May I ask the distinguished chairman of the committee if in conference you separated the military assistance from the defense support or whether you continued it as one item?

Mr. MORGAN. No; we separated it under the House version.

Mr. PASSMAN. I thank the distinguished gentleman, and I want to commend the House for its wisdom in recognizing that there is a distinction between defense support and military aid.

Mr. BROOKS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. BROOKS of Louisiana. Will there be an opportunity to get a vote

on a military contract as distinguished from a nonmilitary, or will you have to take both together?

Mr. MORGAN. You will have to take both, but I can assure the gentleman that by next year the committee will have a study made on this subject of separating the military from the economic aspects of the program.

Mr. BROOKS of Louisiana. I want to tell the gentleman that in my judgment he is moving in the correct direction and I hope a separate vote can be obtained on the military aid from the economic aid vote.

Mr. MORGAN. I thank the gentleman.

Mr. DAWSON of Utah. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Utah.

Mr. DAWSON of Utah. The House passed an amendment, which I had the honor of sponsoring, in regard to the expenditure of counterpart funds, which would require the House to report in the same manner that they report regular standing committee funds. I understand the Senate adopted a similar amendment which went a little further and required the publication in the CONGRESSIONAL RECORD of the itemized expenditures in these funds. What was the effect of the compromise reached by the conferees?

Mr. MORGAN. We felt that the amendment offered by the other body was much simpler. It required that an itemized statement be filed by each member or employee of any committee, with the chairman of the committee. The chairman of the committee in turn was required to file a consolidated statement of all expenditures of any overseas mission, and this has to be published in the CONGRESSIONAL RECORD.

Mr. DAWSON of Utah. The bulk statement is the total overall expenditure report by the parent committee to the House Committee on Administration?

Mr. MORGAN. That is right.

Mr. DAWSON of Utah. So there would be no opportunity to go to the House Committee on Administration and learn anything as far as the individual expenditures are concerned?

Mr. MORGAN. You have to learn that from the chairman of the full committee.

Mr. DAWSON of Utah. Could the chairman tell whether it is possible to get that information from the chairman of the full committee?

Mr. MORGAN. That would be up to the chairman of each committee. He will have discretion as to whether he will furnish the information. There is no restriction prohibiting him from revealing the information.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. VORYS. On this matter of reporting the counterpart funds, the conferees felt there should be no requirement for publication of the report of counterpart funds by individual members unless there was a similar requirement put on the report of the dollar funds spent by the members. They also felt that until all members of all com-

mittees of Congress had exactly the same rules applied to them they should go no further than to require the publication of the use of counterpart funds, as provided in the conference agreement as the conferees were limited to dealing with counterpart funds.

Mr. DAWSON of Utah. Mr. Speaker, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. DAWSON of Utah. In reply to the statement of the gentleman from Ohio [Mr. VORYS], I agree we should have a disclosure of the expenditure of all these funds, not only of counterpart funds but also committee funds. As I understand it, there are only two committees; the Appropriations Committee, which has a method of using department funds for their investigations; and perhaps the Armed Forces Committee, which uses a similar method. We should approach that as we come to it, but it is my opinion that both bodies, the Senate and the House, have expressed themselves in regard to this matter that they want these funds made available to see what the expenditures have been. My hope is that we have not circumvented the intent of the two bodies, so that no one can have access to the funds. I hope the chairman will use his best efforts to see that the reports are made available.

Mr. MORGAN. I will be very glad to see that consolidated reports of itemized expenditures are made available.

Mr. SCHERER. Mr. Speaker, will the gentleman yield for a question with reference to the International Labor Organization?

Mr. MORGAN. I yield.

Mr. SCHERER. Am I correct in my understanding that the language approved by the conferees with reference to our contribution to the ILO states that the United States will contribute 25 percent of whatever budget the ILO calls for?

Mr. MORGAN. That is right.

Mr. SCHERER. There would be no dollar limitation?

Mr. MORGAN. This is just an authorization and as such is a limitation in itself; the money would have to be appropriated.

Mr. SCHERER. But under the conference committee language we agree to pay 25 percent of whatever budget the ILO sets up.

Mr. MORGAN. We do not agree to anything; we merely are limited to 25 percent of the ILO budget.

Mr. SCHERER. We would have to make that contribution despite the fact that we are but 1 of the 79 members of that organization. Is that correct?

Mr. MORGAN. Of course, the Appropriations Committee has control over the amount appropriated.

Mr. SCHERER. I understand that, but under the language in the authorization we would be giving a blank check to the extent of 25 percent of whatever budget the ILO, this international organization, would provide. Is that correct?

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. VORYS. That is incorrect.

Mr. SCHERER. Why is that incorrect?

Mr. VORYS. This is an authorization to contribute up to 25 percent. The Appropriations Committee will determine each year the amount to be appropriated, and the Congress will vote on that; so Congress is giving no one a blank check. Congress is going to vote on every dime provided.

Mr. SCHERER. I understand that, but if the Congress makes an authorization, then are we not necessarily bound to approve at least 25 percent of whatever budget is fixed by the organization?

Mr. VORYS. There are provisions in the Mutual Security Act setting forth that authorizations are not to be construed as commitments in any case.

Mr. SCHERER. Let me ask, then, without reference to appropriations, am I not correct in stating that under the language proposed in this conference report we are authorizing payment of up to 25 percent of whatever budget is fixed by this international labor organization?

Mr. VORYS. As I said to the gentleman before, that is incorrect.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. I want to ask the gentleman from Ohio [Mr. Vorys] if he can cite any instance where we have made this sort of deal, that we would provide 25 percent of the funds, or any given percentage that we got by with anything less?

Mr. VORYS. There have been a number of instances where we have been in arrears, where we have not appropriated the full amount that was set. That was the case I think with the United Nations assessment in the year when I was a delegate to the Assembly. Due to the fact that there is a difference between the fiscal years of the U. N. and our own, arrearages have happened a number of times. I am unable to specify the exact amounts.

Mr. BUDGE. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Idaho.

Mr. BUDGE. Originally section 502 of the bill contained a provision for the use of counterpart funds for a number of reasons without the necessity of the appropriation. Can the gentleman inform me whether the conferees have changed that provision as the bill came back from conference?

Mr. MORGAN. Yes; we have.

Mr. BUDGE. If the gentleman will yield further, I am rather curious in the light of the colloquy which just proceeded this. In that instance the conferees saw fit to include language specifically calling for an appropriation. However, with the International Labor Organization apparently just the opposite approach was used. I wish the gentleman from Ohio would clarify that for me.

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. VORYS. In both instances there is only an authorization, but in each instance there must be an appropriation before any money as available.

Mr. BUDGE. Mr. Speaker, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. BUDGE. That is rather anomalous, for in one instance the conferees spelled it out in the language; in the other they did not.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. VORYS. In the case of Public Law 480 funds, there is no percentage or other overall limitation on the authorization contained in the new paragraph. Whatever Public Law 480 foreign funds accumulate may be spent for the purpose provided in section 502 if the Appropriations Committee in this bill brings it to the Congress in the form of an appropriation and Congress passes the bill. In the case of the ILO contribution, there is a percentage limitation on the amount that the Appropriations Committee can bring in, but in that case also there will have to be an item in an appropriation bill passed by the Congress before any money is paid.

Mr. LIPSCOMB. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from California.

Mr. LIPSCOMB. Would the gentleman mind explaining why the conferees have agreed to continue the International Development Advisory Board which has been inactive for at least the past 10 months?

Mr. MORGAN. As the gentleman well knows, this provision was stricken from the House bill. The executive branch made a strong plea in the other body to retain this provision claiming that the reason why it was not functioning was because the IDA director was changed last fall and a new Administrator was appointed. Changes were also contemplated in the International Development Fund organization. They feel that this body is needed to offer advice and counsel.

Mr. LIPSCOMB. Did the executive branch give any indication of what this Board was going to do if it were reinstated other than what is reported in the conference report?

Mr. MORGAN. Well, of course, the Senate insisted on this provision. The House conferees stayed with the House version. The Senate conferees insisted that the original language be restored.

Mr. LIPSCOMB. I certainly hope that the House Foreign Affairs Committee will follow the activities of the Board and sees that it will function and produce if they are to be reinstated so we will not continue to throw money down the drain.

Mr. MORGAN. I can assure the gentleman from California that will be done.

Mr. LIPSCOMB. I thank the gentleman.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. Gross].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I take this time to pursue the subject raised by the gentleman from California [Mr. LIPSCOMB] with respect to the International Development Advisory Board. Is this the Board that was headed by Eric Johnston?

Mr. MORGAN. Yes.

Mr. GROSS. And one Schmeisser, two of the chief hucksters for the foreign aid bill and the Trade Agreements Act?

Mr. MORGAN. I think he was an employee of the Board.

Mr. GROSS. Does the gentleman have any idea, since the other body put this back in the bill, as to who is going to be the administrator? Is Eric Johnston going back as chairman of this International Development and Advisory Board, and is this individual Schmeisser going back to continue the propaganda job they have been doing on the American people?

Mr. MORGAN. That depends on the executive branch of the Government. I cannot answer the question.

Mr. GROSS. It is to be reestablished?

Mr. MORGAN. It is to be reestablished this year.

Mr. GROSS. Despite the fact that since last September they have not turned a wheel?

Mr. MORGAN. Yes.

Mr. GROSS. Despite the fact that the Congress has appropriated thousands of dollars to the International Development Advisory Board, there is not a Member of the House who can point to any achievement on the part of this outfit through the years.

Let me ask the gentleman another question. I notice the other body upgraded a Deputy Under Secretary in the State Department to an Under Secretary; is that correct? Just what happened there?

Mr. MORGAN. They abolished a secretaryship for economic affairs and upgraded him to an Under Secretary.

Mr. GROSS. Why?

Mr. MORGAN. It seems that the ICA Director outranked the Deputy Secretary of State for Economic Affairs.

Mr. GROSS. When the gentleman says "outranked" him, you mean he outranked him in pay?

Mr. MORGAN. Yes; in salary, slightly.

Mr. GROSS. So this bill upgrades a Deputy Under Secretary in order to keep up with the Joneses; is that correct?

Mr. MORGAN. Well, I do not know whether it is keeping up with the Joneses. I think the new Deputy Under Secretary of Economic Affairs is pretty well able to keep up with the Joneses himself.

Mr. GROSS. I would say to the gentleman that he certainly is when, with the greatest of ease, he can come in and get this kind of a promotion solely on the grounds that he needs a little more rank and pay.

Mr. MORGAN. Mr. Speaker, I yield 8 minutes to the gentleman from Virginia [Mr. Hardy].

Mr. HARDY. Mr. Speaker, I find myself in a role that I do not relish. It is

not easy to come into the well and take issue with a conference report brought in by the distinguished gentleman from Pennsylvania, Dr. MORGAN, and my other able colleagues who are members of the conference committee. I am especially grateful to Dr. MORGAN for giving me this time. I told him of my disappointment with the results of the conference and my feeling that the report should be re-committed. By yielding me this time he has demonstrated again his fairness and his recognition that good legislation is the result of weighing different points of view, openly expressed and discussed objectively.

I have no illusions about the difficulty of my position. This will be my only chance to speak, and I shall have no opportunity to point out defects in the arguments of my colleagues who oppose my position.

House conferees are expected to seek agreement as nearly as possible in conformity with the House bill. I understand that they did press for the language of my amendment, but I feel so strongly about the changes recommended in the conference report, and about the need for information by Congress, that I think the report should be sent back to conference. I recognize the competence and ability of Chairman MORGAN and the 4 other members of his conference team, but they were at a disadvantage by the sheer weight of the 9 Senators on the other side, against the 5 House members. I hope that in any subsequent conference the House conferees may be more nearly equal in number to the number representing the Senate.

In the bill, as passed by the House, was an amendment I offered to require ICA to provide information supporting its requests for funds for defense support and special assistance. The purpose of my amendment was to provide the Congress with information as to how the amount requested was arrived at—the reasons for this amount instead of some other. The amendment was emasculated in conference. As passed by the House it would require ICA to explain the basis upon which they had determined the dollar amounts for defense support and special assistance in individual country programs.

My amendment was accepted by the committee when the bill was under consideration here. The gentleman from Pennsylvania, Dr. MORGAN, said:

The committee has examined the gentleman's amendment very thoroughly. I think it is a good amendment and the committee will accept it.

And the gentleman from Minnesota, Dr. Judd, spoke highly of it, adding that, even if the reports required by the amendment should necessitate additional employees in ICA, the proposal was meritorious.

But the conferees knocked that language out and accepted some meaningless words submitted by the executive branch.

Why was my proposal opposed by the executive branch? Well, did anyone here ever see people at the other end of Pennsylvania Avenue willing to give back

to the Congress any of the latitude we have sometimes delegated to them? And what was the executive branch's position? They had two principal objections. First, the date was too early—January 10 of each year. It would interfere with the budget process. Now, actually the date is not important and the House conferees knew this. They could have changed it to coincide with the budget submission without impairing the effectiveness of the amendment.

Now, the second objection of the executive branch is very revealing. Let me read it to you:

The amendment requires that the presentation give the method and factors involved in determining a level of aid and that such factors be reconciled to yield a specific dollar figure constituting a level of aid. This requirement is based upon the untenable proposition that an exact measure in dollars can be given to the value of each of the complex factors involved in assessing the security interests of the United States and the free world.

Now this misses the point entirely and ICA ought to know it. I have never suggested that we try to determine if the value of West Berlin to the free world is \$1 or \$5 billion, or put a price tag on our friendship with Afghanistan or any other country, and ICA knows this. We have been over this time and time again when ICA officials have appeared as witnesses before my subcommittee. What I have sought to determine, unsuccessfully in the past, is how ICA computes the value that these countries derive from our foreign-aid program and the extent to which this program contributes to their military effectiveness. ICA tells us that the level of defense support for any particular country is the amount of money necessary for that country to support an agreed level of forces. But ICA sidesteps whenever we try to find out what it costs to support a given level of forces for a fiscal year. So we never know whether there is any reasonable relationship between that cost and the amount of money spent for defense support in the country for the same period. They talk about balances of payments, deficits, and the necessity for further budgetary support, but these figures, either separately or in combination, do not give the information we need. To illustrate what I mean, let me refer to a road project in Cambodia which is covered in a report released Wednesday. That road is costing the American taxpayer over \$30 million. What is that road worth to Cambodia? What is it worth to us in terms of added mutual security? How much does that contribute to Cambodian economy this year or in the next 5 years? It was built with defense support funds, but actually we have been unable to find any tangible evidence that the money spent on this road served its alleged purpose to support the agreed upon level of forces.

Actually the objection of the executive branch I quoted a moment ago is an admission that the figures in the budget request come out of thin air—just somebody's notion. We ought not to let this kind of haphazard budgeting continue. It is an underlying factor in defective administration that is causing the loss of United States prestige and leadership

abroad. If X million dollars is requested for a country, no one knows any valid basis for that figure. Sometimes our representatives abroad are hard pressed to find reasonable activities on which available funds may be spent. This leads to all sorts of abuses, to wastefulness, which must make us look silly to our foreign friends.

I feel very keenly about this matter. We must get a better accounting from ICA—we must get better planning—we must get better returns for foreign-aid dollars. The amendment I offered to the foreign-aid bill would make great progress in these areas, by requiring ICA to explain to the Congress how the particular dollar amounts for individual countries are arrived at, and the real factors which go to make up the level of aid in individual country programs. The requirement of my amendment when coupled with the modified section 517, which the committee wisely included, will greatly improve the effectiveness of our foreign-aid program and will make possible the correction of many existing deficiencies.

Do not let the members of the committee tell you they have inserted satisfactory substitute language. As I have pointed out, the language they accepted was sent down by the executive branch. It says absolutely nothing. If you analyze it you will see it would require only that information which ICA contends is now being given to the Congress. That is totally inadequate. I hope that this report will be recommitted so that it may come back with provisions assuring that we in Congress will get information we need and ought to have in order to carry out our individual and collective responsibilities.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Speaker, the conference committee labored conscientiously, and by and large it is a good report, but in two particulars I believe the conference report is capable of improvement. I subscribe entirely to what my colleague, the distinguished gentleman from Virginia [Mr. HARDY], has just said. I believe his amendment to require a complete justification in the presentation to the Committee on Foreign Affairs is a constructive amendment, and I would hope that the conference committee would reconsider its position on that and try to improve it in their report.

In the last year I have had occasion to participate in the dissection of a number of foreign aid projects, and I have been deeply disturbed by the lack of justification. The Hardy amendment would help to remedy that defect.

Secondly, the conference report seems to me unfortunate in that it cuts out the provision inserted by the Senate requiring itemized accounting and publication of expenditures in foreign currency of members and employees of committees of Congress. These counterpart funds come into being as the result of the dollar contributions of American taxpayers. I am sure that no member would misuse these funds. But the requirement of full disclosure certainly is the best insurance

that that cannot happen. It is also the best answer, it seems to me, to critics of Congress who charge that we have something to hide.

We in Congress are concerned, and we ought to be, with secrecy in Government. This House recently passed a bill sponsored by the gentleman from California [Mr. Moss] which jacked up the executive branch, and required them to be a little freer with their information. We are now considering a bill to require full publicity for union health and welfare funds. While we are removing the mote in other people's eyes, let us not overlook the beam in our own.

I hope the committee of conference will be given an opportunity to restore the Hardy amendment, and also the exact text of the Senate provision with respect to counterpart funds.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. FEIGHAN].

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Speaker, I wish to take a minute or two to direct a question to the distinguished gentleman from Ohio [Mr. VORYS] with reference to page 20 of the report relating to assistance to Yugoslavia, which appears to me to be nebulous in its language.

As the gentleman recalls my amendment, which was unanimously adopted by the House, provided that before any assistance could be given to Yugoslavia, within a period of 90 days, the President would be required to make public a finding on the three requirements and report to the Congress in order that any Member of Congress who disagreed with him could have an opportunity to disassociate himself from the findings that might be expressed by the President.

My question is whether or not it is contemplated to be the intent in the present conference report that the President shall within 90 days after the enactment of this act be required to make a public determination so that we will know his findings with reference to the three requirements set forth in the amendment.

Mr. VORYS. Section 143 of the present law requires the President to assure himself continually and to keep the Congress informed of the assistance to Yugoslavia. It does not say anything about 90 days, it says the President must assure himself continually of the three requirements set forth in the law.

Mr. FEIGHAN. The requirement in the present act is that the President shall tell the Congress after the fact that he has distributed this assistance. The difference is that, under the House bill, before he could give assistance to Yugoslavia, he would have to make his determination publicly. Now he does not have to inform the Congress before the fact. He must report only after he has given American taxpayers money to the Communist dictator Tito.

Incidentally I wonder why that wording is in there that the President shall assure himself continually, because we certainly do not want to infer that he acts without careful judgment on other occasions.

On the same page 20, toward the end of that paragraph on assistance to Yugoslavia, it is stated:

The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

I should like to call the attention of the members to a release which I received Wednesday morning from the Yugoslav Information Center which carries a speech by President Tito at Labin, Istria, on June 15, less than 2 weeks ago, in which Tito said:

You know that I never attacked the Soviet Union, but they nevertheless say I did, using this as a pretext for crudest abuse and slander.

It seems to me we should judge events in foreign affairs by deeds rather than by words alone.

Now pro-Titoists who want us to give assistance to Yugoslavia claim that Tito is getting away from Soviet Russia and joining the free world. Thus the pro-Tito Americans are making these false claims that Tito is not a part of the Communist conspiracy which Tito himself says is a false assumption. This is just another maneuver by the pro-Titoists to make additional raids on the pocketbook of the American taxpayers.

Mr. Speaker, since the day when President Truman called upon Congress to support what was then called the Marshall plan for Europe I have been a staunch defender of a program to strengthen friendly and free nations against the constant threat of Russia subversion and armed aggression. I was brought to this position by a long and careful study of the international situation, including thorough on-the-spot investigations of critical areas of the world. Before the end of hostilities in World War II, I concluded that the Russians intended to take advantage of the war devastated nations in an effort to impose their colonial rule over vast areas of the world. The black record of Kremlin intrigue and aggression since the end of the war have convinced me that my original analysis, though unpopular with some, was coldly realistic.

Recently the mutual security program, successor in name to the original Marshall plan, has fallen under widespread public attack. The American people have lost and are continuing to lose confidence in this program as an instrument to advance the security of the United States and the entire free world. The American people have become confused as to the purposes of this program.

As I stated, the original purpose of this program was to assist friendly and free nations to remain free and independent in the face of growing Russian subversion and aggression. Today the Mutual Security Program has degenerated into an instrument for keeping Communist tyrants in power and thereby eventually advancing the Russian objective of world conquest. I refer specifically to the tremendous amount of economic and military assistance given to the dictator Tito under the program. It may shock the American people to know that nearly two billion dollars of their money has

been handed over to the Communist dictator Tito who nevertheless has continued to oppress and exploit our good friends and proven allies, the people of Croatia, Slovenia, Serbia and Montenegro.

This year opponents of a realistic and winning Mutual Security Program advocated that additional hundreds of millions of dollars of the American taxpayers money be made available to maintain the Russian imposed Communist dictatorships in Poland, Czechoslovakia, Hungary, Romania, and elsewhere in the Russian empire. This further attempt to defraud the American taxpayers was, fortunately, defeated in the Senate.

When this bill was before the House of Representatives I offered an amendment which would require the President of the United States, before using any more of the American taxpayers money to help the Communist dictator Tito, to make a public finding—1. that there has been no change in the Yugoslavian policies on the basis of which assistance under this act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, 2. that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and 3. that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this act. I was encouraged by the unanimous approval of my amendment by my colleagues in the House. I felt that at long last we were returning to the wise policies advocated by President Truman which formed the basis for acceptance of the original Marshall plan by Congress.

When the House bill was considered by the Senate my amendment, which was unanimously approved by the House, was knocked out by the Senate Foreign Relations Committee. In its stead the Senate committee proposed that President Eisenhower be given unlimited authority to use the American taxpayers' money to entrench and strengthen any Communist regime behind the Russian Iron Curtain, provided they carried the banner of so-called national communism, with the exception of Red China, North Korea, and the Soviet Union. No checks or balances by Congress were required. Moreover, the President was relieved of the responsibility of making a public finding before extending assistance to such Communist regimes, which the House of Representatives called for by unanimous approval of my amendment.

When the bill reported by the Senate Foreign Relations Committee came before the Senate, the provision giving unlimited authority to the President to use the American taxpayers' dollars to entrench and strengthen Communist regimes was defeated. The vote was close. Thus, the American people owe an undying debt of gratitude to those men of wisdom and courage in the Senate who voted down this self-defeating provision. These profiles of courage will long remain as bright stars and shall endure the measured test of time in the pages of history. However, a penalty was extracted for this victory. This severe

penalty was extracted in the House-Senate Conference Committee. At that point the provision unanimously approved by the House requiring the President to make a public finding before any additional aid could be extended to the ruthless Communist dictator Tito was stricken from the conference report which is now before us. This is a hard blow against the cause of individual liberty and human freedom because it establishes a beachhead upon the pocketbook of the taxpayer of the United States for those who advocate support for Communist tyrants and agents of the Russian imperialists. This is the situation which confronts Members of the House as we consider the merits of the conference report now before us.

This situation presents a serious dilemma for many of us who have long supported and defended the mutual security program. We are confronted with a situation wherein we must vote a further drain upon the American taxpayers to support the cause of world communism if we want to help friendly and free nations in their efforts to fight off Russian intrigue and aggression.

Members of the House would not be faced with this dilemma if the State Department package deal on authorizations and appropriations for foreign aid did not now control every action of the Senate and House in this field. I have long advocated that all appropriations for foreign aid should be taken up and voted on a country by country basis, thereby requiring each country proposal made by the Department of State to stand on its own merits. This would permit Members of Congress a long overdue opportunity to reject the impractical and approve the necessary. Up to the present, this basic responsibility has been and continues to be denied to Members of Congress.

I should like to draw attention to report No. 1834 of the House Committee on Foreign Affairs made by a special study mission of which our distinguished colleague from Ohio, Hon. WAYNE L. HAYS, was chairman. After a thorough field investigation involving critical areas of the Middle East and Africa, the committee recommended:

The Congress should consider all foreign-aid programs on a country-by-country basis rather than through a single appropriation bill covering all such programs, as has been the practice in the past. Each country program should be required to stand on its own merits and be subject to very careful consideration while Congress sits as the Committee of the Whole. This procedure will permit Members of Congress to support worthwhile economic assistance programs without having to accept programs which, standing on their own merits, would not receive the support of a majority of the Members.

If we had followed the recommendation of our distinguished colleague from Ohio, who is a keen student of the international situation, we would not now be faced with a great political dilemma. If we want to extend help to free and friendly nations we are compelled to extend help to our Communist enemies. If we want to cut off all assistance to our Communist enemies we are compelled

to deny assistance to free and friendly nations. We have no choice in the matter. We must accept both or defeat both.

This is a situation which the American people resent and which the Congress must correct if we expect the people to continue their support for the Mutual Security program.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. MORGAN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. The difference between the present law and the amendment offered by the gentleman from Ohio is very slight. The amendment of the gentleman from Ohio was the way the law was the year before last. The present law, which is left intact, is the way the law was redrafted last year. Both forms require the President to keep close track of events in Yugoslavia. Therefore, neither permits the furnishing of aid to Yugoslavia in the way that it is furnished to other countries. The gentleman must remember that when you are in a conference, you are dealing with a body of equal powers with our own, and in view of the slight difference between the two, the Senate conferees were very strongly of the opinion that we should not have anything further in here this year about Yugoslavia in view of the very obvious and well known and publicized fussing that is going on between Yugoslavia and the Soviets. It was thought we should not attempt to rock the boat by any change in the law. There was a further consideration. The Senate conferees at the urgent request of the House conferees took out a provision specifically mentioning India. Therefore, they could well say, "if we leave out the mention of an individual country, you fellows ought to be consistent and do the same thing."

Mr. Speaker, I would like to comment on another matter, if I may. The gentleman from Virginia and his colleagues have not done themselves justice as to Mr. HARDY's accomplishments. I would urge their consideration of that old proverb—if at first you do succeed, do not try again. He has his amendment in this law. He was before our committee, together with his colleagues, and as a result of that we reorganized the whole bill to make clear the difference between military and economic aid and to put defense support in the classification of economic aid, and we put in section 517 to tighten up on programing. We simply omitted the date of January 10 as the time when detailed explanations would be required, because we did not know of any reason why the date of January 10 was sacred, and we omitted the requirement for placing a monetary value on imponderable factors, such tremendously significant factors as: What does Korean courage amount to? What does a Libyan airport amount to? We realized that you cannot put a monetary value on such factors, or on the military effectiveness of any country. As a result since there was another body that we had to deal with, we compromised on those items, and we have the Hardy amendment writ-

ten into this bill in the conference report, and no matter how many times we might go back to conference, the other body is not going to let monetary values be put on imponderables or require a date of January 10 for reports not needed on that date.

Mr. MORGAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. ADAIR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. ADAIR. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. ADAIR moves to recommit the conference report on the bill H. R. 12181 to the committee of conference.

Mr. MORGAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 134, nays 238, not voting 58, as follows:

[Roll No. 110]

YEAS—134

Abernethy	Flynt	Michel
Adair	Forrester	Miller, Nebr.
Alexander	Fountain	Minshall
Alger	Gavin	Mitchell
Allen, Ill.	George	Morrison
Andersen,	Grant	Murray
H. Carl	Gray	Neal
Andrews	Gross	Nicholson
Ashmore	Haley	Nimtze
Bailey	Harden	O'Hara, Minn.
Barden	Hardy	O'Konski
Baring	Harrison, Nebr.	Pilcher
Bass, Tenn.	Harrison, Va.	Poage
Beamer	Harvey	Poff
Becker	Hemphill	Polk
Belcher	Henderson	Reed
Bennett, Mich.	Hiestand	Rees, Kans.
Berry	Hoeven	Reuss
Betts	Hoffman	Riley
Blitch	Holt	Rivers
Bosch	Hosmer	Rogers, Fla.
Bow	Hull	Rogers, Tex.
Bray	Jennings	Rutherford
Brooks, La.	Jensen	Saylor
Brown, Ga.	Johansen	Scherer
Brown, Ohio	Jonas	Scott, N. C.
Brownson	Jones, Mo.	Scrivner
Budge	Kee	Sheehan
Byrd	Kilgore	Sikes
Byrne, Ill.	Kitchin	Siler
Cederberg	Knox	Simpson, Ill.
Church	Krueger	Smith, Calif.
Collier	Laird	Smith, Kans.
Colmer	Landrum	Smith, Va.
Cunningham,	Lennon	Teague, Tex.
Nebr.	Lipscomb	Thomas
Dawson, Utah	McCulloch	Thompson, La.
Derounian	McDonough	Thompson, Tex.
Dorn, S. C.	McGregor	Thomson, Wyo.
Dowdy	McMillan	Tuck
Everett	McVey	Utt
Fisher	Mack, Wash.	Van Pelt

Weaver
Wharton
Whitener
Whitten

Williams, Miss.
Willis
Wilson, Ind.
Winstead
Withrow
Young

Shuford
Simpson, Pa.
Steed

Talle
Thornberry
Trimble

Udall
Wainwright
Williams, N. Y.

receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government, namely:

NAYS—238

Addonizio
Albert
Allen, Calif.
Arends
Ashley
Aspinall
Auchincloss
Avery
Ayres
Baker
Baldwin
Barrett
Bates
Baumhart
Beckworth
Bennett, Fla.
Blatnik
Boland
Bolling
Bolton
Bonner
Boykin
Boyle
Breeding
Brooks, Tex.
Broomfield
Brown, Mo.
Broyhill
Burlison
Bush
Byrne, Pa.
Byrnes, Wis.
Canfield
Cannon
Carnahan
Carrigg
Chamberlain
Chelf
Chenoweth
Chiperfield
Christopher
Clark
Clevenger
Coad
Coffin
Cooley
Corbett
Coudert
Cramer
Cretella
Cunningham,
Iowa
Curtin
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Tenn.
Dawson, Ill.
Delaney
Dennison
Dent
Denton
Devereux
Diggs
Dingell
Dixon
Dollinger
Donohue
Dooley
Dorn, N. Y.
Doyle
Durham
Dwyer
Elliott
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton

Flood
Fogarty
Forand
Ford
Frazier
Frelinghuysen
Friedel
Fulton
Garmatz
Gary
Gathings
Gordon
Granahan
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Gubser
Hagen
Halleck
Harris
Haskell
Hays, Ark.
Hays, Ohio
Healey
Herlong
Heseltun
Hess
Hill
Holfield
Holland
Holmes
Holtzman
Horan
Huddleston
Hyde
Ikard
Jackson
Jarman
Johnson
Jones, Ala.
Judd
Karsten
Kean
Kearns
Keating
Kelly, N. Y.
Kilburn
Kilday
King
Kirwan
Kluczynski
Knutson
Lafore
Lane
LeCompte
Lesinski
Libonati
McCarthy
McCormack
McFall
McGovern
McIntosh
Macdonald
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin
Matthews
Meader
Morrow
Metcalf
Miller, Calif.
Miller, Md.
Mills
Morano

Morgan
Moss
Multer
Mumma
Natcher
Nix
Norblad
O'Brien, Ill.
O'Hara, Ill.
O'Neill
Osmers
Ostertag
Passman
Patman
Patterson
Pelly
Perkins
Pfost
Philbin
Pillion
Porter
Powell
Price
Prouty
Quie
Rabaut
Rains
Ray
Rhodes, Pa.
Roberts
Robison, N. Y.
Robison, Ky.
Robino
Rogers, Mass.
Rooney
Sadlak
Santangelo
Saund
Schenck
Schwengel
Scott, Pa.
Scudder
Seely-Brown
Selden
Shelley
Sieminski
Sisk
Smith, Miss.
Spence
Springer
Staggers
Stauffer
Sullivan
Taber
Taylor
Teague, Calif.
Teller
Tewes
Thompson, N. J.
Tollefson
Ullman
Vanik
Van Zandt
Vinson
Vorys
Vursell
Walter
Watts
Westland
Widnall
Wier
Wigglesworth
Wilson, Calif.
Wolverton
Wright
Yates
Younger
Zablocki
Zelenko

NOT VOTING—58

Abbt
Anderson,
Mont.
Anfuso
Bass, N. H.
Bentley
Boggs
Buckley
Burdick
Celler
Davis, Ga.
Dellay
Dies
Eberhart
Edmondson
Engle
Fino
Glenn
Gregory
Gwinn
Hale
Hébert
Hess
Hillings
James
Jenkins
Kearney
Keogh
Lankford
Latham
Loser
McIntire
Mason
May
Miller, N. Y.
Montoya
Moore
Morris
Moulder
Norrell
O'Brien, N. Y.
Preston
Radwan
Reece, Tenn.
Rhodes, Ariz.
Riehlman
Robeson, Va.
Rogers, Colo.
Roosevelt
St. George
Sheppard

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Robeson of Virginia for, with Mr. Hébert against.

Mr. Dies for, with Mr. Anfuso against.

Mr. Burdick for, with Mr. Bass of New Hampshire against.

Mr. Jenkins for, with Mr. Glenn against.

Mr. Moore for, with Mr. Riehlman against.

Mr. Reece of Tennessee for, with Mrs. St. George against.

Mr. Gwinn for, with Mr. Hillings against.

Mr. Talle for, with Mr. Keogh against.

Mr. Moulder for, with Mr. Norrell against.

Mr. Loser for, with Mr. May against.

Mr. Davis of Georgia for, with Mr. Simpson of Pennsylvania against.

Mr. Mason for, with Mr. Celler against.

Mr. Preston for, with Mr. Engle against.

Mr. Steed for, with Mr. Sheppard against.

Mr. Bentley for, with Mr. Roosevelt against.

Mr. Abbt for, with Mr. Boggs against.

Until further notice:

Mr. Anderson of Montana with Mr. Wainwright.

Mr. Trimble with Mr. Miller of New York.

Mr. Thornberry with Mr. Fino.

Mr. Montoya with Mr. Radwan.

Mr. Dellay with Mr. Latham.

Mr. Edmondson with Mr. McIntire.

Mr. Buckley with Mr. James.

Mr. Lankford with Mr. Kearney.

Mr. Morris with Mr. Hale.

Mr. Rogers of Colorado with Mr. Rhodes of Arizona.

Mr. O'Brien of New York with Mr. Williams of New York.

Mr. JONES of Missouri and Mr. BALLEW changed their vote from "nay" to "yea."

Mr. TABER and Mr. OSMERS changed their vote from "yea" to "nay."

Mr. MARTIN. Mr. Speaker, my colleague, the gentlewoman from Massachusetts [Mrs. ROGERS] voted "nay" on the first call of the roll. Apparently the Clerks did not hear her vote, because I noticed that they called her name on the second call.

The SPEAKER. If the gentleman from Massachusetts says that the gentlewoman voted "nay" on the call of the roll, the RECORD will show that.

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TEMPORARY APPROPRIATIONS, 1959; INCREASED PAY COSTS, 1958

Mr. CANNON. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H. J. Res. 640) making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes.

The Clerk read as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues,

TITLE I

Temporary appropriations

SEC. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1958 and for which appropriations, funds, or other authority would be made available in the following appropriation acts for the fiscal year 1959:

Legislative Branch Appropriation Act;
Department of Defense Appropriation Act;
Departments of Labor, and Health, Education, and Welfare and related agencies Appropriation Act;

Independent Offices Appropriation Act;
District of Columbia Appropriation Act;
and the Public Works Appropriation Act.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided for by the pertinent appropriation act.

(3) Whenever the amount which would be made available or the authority which would be granted under an act listed in this subsection as passed by the House is different from that which would be made available or granted under such act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an act listed in this subsection has been passed by only one House or where an item is included in only one version of an act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, funds, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in the fiscal year 1958 and listed in this subsection (1) at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, or (2) if no budget estimate has been submitted prior to June 30, 1958, at the current rate, or (3) in the amount or at the rate specified herein:

Atomic Energy Commission;
Export-Import Bank;
Administration, Ryukyu Islands;
Small Business Administration;
Export Control, Department of Commerce;
Corregidor-Bataan Memorial Commission;
Boston National Historic Sites Commission;

Civil War Centennial Commission;
Lincoln Sesquicentennial Commission; and

Mutual security programs, \$200 million, to be expended in accord with provisions of law applicable to such programs during the fiscal year 1958 and at a rate for any individual program not in excess of the current rate therefor: *Provided*, That administrative expenses for such programs shall not exceed the current rate.

(c) Such amounts as may be necessary for continuing projects or activities of the Senate, and of the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for the fiscal year 1959.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this title shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this title, or (b) enactment of the applicable appropriation act by both Houses without any provision for such project or activity, or (c) July 31, 1958, whichever first occurs.

Public Law 85-477
85th Congress, H. R. 12181
June 30, 1958

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1958". Mutual Security Act of 1958.

SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: "This Act is divided into chapters and titles, according to the following table of contents: 68 Stat. 832.
22 USC 1751 note.

"TABLE OF CONTENTS

"CHAPTER I—MILITARY ASSISTANCE
"CHAPTER II—ECONOMIC ASSISTANCE
 "Title I—Defense Support
 "Title II—Development Loan Fund
 "Title III—Technical Cooperation
 "Title IV—Special Assistance and Other Programs
"CHAPTER III—CONTINGENCY FUND
"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS"

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended by striking out "1958" and "\$1,600,000,000" and inserting in lieu thereof "1959" and "\$1,605,000,000", respectively. 71 Stat. 355.
22 USC 1813.

72 Stat. 261.
72 Stat. 262.

PROCUREMENT PROGRAMS RELATING TO MILITARY ASSISTANCE

SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, is amended by inserting immediately before the period at the end thereof the following: "including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area". 69 Stat. 284.
22 USC 1815.

POLICY ON MILITARY ASSISTANCE TO AMERICAN REPUBLICS

SEC. 103. Paragraph (4) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to military assistance to American Republics, is amended by adding the following sentences at the end thereof: "The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics." 22 USC 1815.

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1958" and "\$750,000,000" and inserting in lieu thereof "1959" and "\$810,000,000", respectively. 71 Stat. 356.
22 USC 1841.

UTILIZATION OF FUNDS IN SPECIAL ACCOUNTS

22 USC 1852.

SEC. 202. Paragraph (iii) of subsection (b) of section 142 of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: “: *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000”.

DEVELOPMENT LOAN FUND

71 Stat. 357.
22 USC 1872.

SEC. 203. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202, which relates to general authority, as follows:

(1) Strike out subsection (a) and substitute the following:

“(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the ‘Development Loan Fund’ (hereinafter referred to in this title as the ‘Fund’) which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.”.

72 Stat. 262.
72 Stat. 263.

“(2) In subsection (b), strike out all preceding “is hereby” in the first sentence and substitute “The Fund”; strike out “he” in the first sentence and substitute “it”; strike out “and (3)” in the first sentence and substitute “(3)”; insert before the period at the end of the first sentence “, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved”; strike out “from” in the second sentence and substitute “by”; insert after the third sentence “The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund.”; and strike out the last two sentences and substitute the following new sentence: “The President’s semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.”.

Reports of
President.
22 USC 1794.
22 USC 1874.

(b) Amend section 204, which relates to fiscal provisions, as follows:

(1) In subsection (b), substitute “Fund” for “President” in the first sentence and strike out “against the Fund” in that sentence; change “authorized” to “made available” in the second sentence; and insert “assets of the” before “Fund” in the third sentence.

(2) Strike out subsection (c) and substitute the following:

“(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.”.

59 Stat. 597;
61 Stat. 584.
31 USC 841 note,
849.

(c) Amend section 205, which relates to powers and authorities, as follows: 71 Stat. 358.
22 USC 1875.

(1) Insert "MANAGEMENT," before "POWERS" in the heading of the section.

(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the 'Board') consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund. 72 Stat. 263.
72 Stat. 264.

"(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law." Managing Director.

(3) In subsection (c):

(i) Strike out all in the first sentence preceding "enter into" and substitute "The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may";

(ii) Strike out "may be deemed" in the first clause of the first sentence and substitute "it may deem";

(iii) Strike out "under this title" in the fourth clause of the first sentence and substitute "of the Fund";

(iv) Strike out "the Manager of" in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

(v) Insert after the seventh clause of the first sentence, following "collection;"; the following: "adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government;";

(vi) Strike out all following "operation" in the last clause of the first sentence and substitute "or in carrying out any function."

(vii) Insert the following new sentence after the first sentence of the subsection: "Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress."

62 Stat. 910,
984.

72 Stat. 264.

72 Stat. 265.

(4) Insert the following new subsections:

"(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4

(a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

70 Stat. 747.

"(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section

202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act."

TECHNICAL COOPERATION

SEC. 204. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$151,900,000" and insert in lieu thereof "\$150,000,000 for use beginning in the fiscal year 1959". 71 Stat. 359. 22 USC 1894.

(b) Amend section 306, which relates to multilateral technical cooperation, as follows: 22 USC 1896.

(1) Insert "AND RELATED PROGRAMS" after "COOPERATION" in the heading of the section; insert "and this Act" after "title" in the first sentence; and insert "and related" after "cooperation" in the first sentence.

(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out "\$15,500,000 for the fiscal year 1958" and substitute "\$20,000,000 for the fiscal year 1959"; insert "and such related fund as may hereafter be established" after "Assistance"; and in the proviso change "to this program" to "for such purpose" and after the word "contributed" the first time it appears, strike the remainder of the subsection and insert "for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year." 22 USC 1896. 72 Stat. 265. 72 Stat. 266.

(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1958" and substitute "1959".

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is further amended as follows:

(a) In subsection (a) of section 400, which relates to special assistance, strike out "1958" and "\$250,000,000" in the first sentence and insert in lieu thereof "1959" and "\$202,500,000", respectively; and strike out all following "stability" in the first sentence and all of the last sentence and insert a period. 71 Stat. 360. 22 USC 1920.

(b) In section 402, which relates to earmarking of funds, strike out "1958" in the first sentence and substitute "1959". 71 Stat. 361. 22 USC 1922.

(c) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section: 22 USC 1923, 1924.

"SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year 1959 not to exceed \$8,200,000 of the funds made available pursuant to section 400 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter 22 USC 1920.

deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded."

(d) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out all following "fiscal year" and substitute "1959 not to exceed \$1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate."

(2) In subsection (d), strike out "1958" and "\$5,500,000" and substitute "1959" and "\$8,600,000", respectively.

(e) In section 406, which relates to children's welfare, strike out "1958" and substitute "1959".

(f) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees."

(g) In section 409 (c), which relates to ocean freight charges, strike out "1958" and "\$2,200,000" and substitute "1959" and "\$2,100,000", respectively.

(h) In section 410, which relates to Control Act expenses, strike out "1958" in the first sentence and substitute "1959".

(i) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1958" and "\$32,750,000" and substitute "1959" and "\$33,000,000", respectively; and insert "and title II of chapter II" immediately before the close of the first parentheses;

(2) In subsection (c), insert "functions of the Department under this Act or for" before "normal".

(j) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out "the agency primarily" and substitute "an agency"; insert immediately before the semicolon at the end of subparagraph (E) the following proviso: " : *Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced"; and insert after "Director of the International Cooperation Administration" both times it appears in subparagraph (F) "or such other officer as the President may designate".

(2) Insert the following new subsection:

"(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act,

64 Stat. B81.

Migrants, etc.
22 USC 1925.

71 Stat. 361.

UN Children's
Fund.
22 USC 1926.
22 USC 1927.

72 Stat. 266.
72 Stat. 267.

22 USC 1929.

22 USC 1930.

22 USC 1931.

22 USC 1933.

so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States."

(k) At the end of section 414 (b), which relates to munitions control, add the following: "Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture."

68 Stat. 848.
22 USC 1934.

(l) In section 419 (a), which relates to atoms for peace, strike out "1958" and "\$7,000,000" in the second sentence and substitute "1959" and "\$5,500,000", respectively.

71 Stat. 362.
22 USC 290b,
1939.

(m) In section 420, which relates to malaria eradication, insert after the word "authorized" in the second sentence "to use funds made available under this Act (other than chapter I and title II of chapter II)"; insert immediately before the period at the end of the second sentence the following proviso: "Provided, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II"; and strike out the last sentence.

71 Stat. 362.
22 USC 1940.

72 Stat. 267.
72 Stat. 268.

CHAPTER III—CONTINGENCY FUND

PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND

SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (12) (B) of section 501 of this Act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

(a) Insert "AND CONTINGENCY FUND" after "AUTHORITY" in the heading of this section.

(b) Subsection (a) is amended as follows:

(1) In the first sentence, insert "for use" after "made available"; strike out "such use by section 400 (a) of this Act" and substitute "use under this subsection by subsection (b) of this section"; strike out "pursuant to authorizations contained in" and substitute "for use under"; and

(2) In the second and last sentence strike out "section" both times it appears and substitute "subsection".

(c) Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed \$155,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section."

Appropriation.

(d) In the last sentence of subsection (c), insert "subsection (a) of" after "under".

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

GENERAL PROVISIONS

SEC. 401. The chapter designated by paragraph (16) of section 501 of this Act as chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is further amended as follows:

22 USC 1754.

(a) Section 502, which relates to use of foreign currencies by committees of the Congress, is amended by striking out the proviso in subsection (b) and inserting the following: “: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.”

72 Stat. 268.

72 Stat. 269.

22 USC 1761.

(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: “Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).”

48 Stat. 500;

68 Stat 832.

15 USC 616a;

46 USC 1241.

22 USC 1762.

22 USC 1766a.

(c) Section 510, which relates to purchase of commodities, is amended by striking out “title II or” in the first sentence.

(d) Add the following new sections immediately after section 515: “SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

22 USC 1852.

“SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance

68 Stat. 830.

31 USC 200.

authorized under title I or III (except section 306) of chapter II, or section 400 (a)— 22 USC 1896, 1920.

“(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

“(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.”

(e) Amend section 527, which relates to the employment of personnel, by adding the following new subsection, such amendment to take effect nine months after the date of enactment of this Act: 68 Stat. 857. 22 USC 1787.

“(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.” 72 Stat. 269. 72 Stat. 270.

(f) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out “for the fiscal year 1958”; in subsection (c), strike out “Not to exceed \$18,000,000” and substitute “Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed \$26,000,000”, and add the following new clause before the period: “, and not to exceed \$2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere”; and add the following new subsection: 71 Stat. 364. 22 USC 1797.

“(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs.” 71 Stat. 556. 42 USC 15941. 71 Stat. 556.

(g) Amend section 543 (d), which relates to saving provisions, by striking out “Act of 1956 or the Mutual Security Act of 1957” and substituting “Act of 1956, 1957, or 1958” in the first sentence and by inserting the following new sentence after the second sentence: “Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958.” Savings clause. 71 Stat. 365. 22 USC 1768.

(h) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended). 22 USC 1442.

(i) Amend section 545, which relates to definitions, as follows: 70 Stat. 565.

(1) In subsection (j), insert “the Development Loan Fund and” after “refer to” and strike out “title II,”. 22 USC 1751.

(2) In subsection (k), insert “the Board of Directors of the Development Loan Fund and” after “refer to” and strike out “title II,”.

CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954; AMENDMENTS; AND WESTERN HEMI-SPHERE COOPERATION

REORGANIZATION OF MUTUAL SECURITY ACT OF 1954

SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

(1) Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:

“CHAPTER I—MILITARY ASSISTANCE”

(2) Immediately above section 131, strike out the chapter heading and insert in lieu thereof the following:

“CHAPTER II—ECONOMIC ASSISTANCE

“TITLE I—DEFENSE SUPPORT”

(3) In section 131 (a), strike out “chapter 1 of this title” and insert in lieu thereof “chapter I”.

(4) In section 131 (d), immediately after “title”, insert “or chapter I”.

(5) Immediately above section 141, strike out the chapter heading.

(6) In section 141, immediately after “title” both times it appears insert “or chapter I”.

(7) (A) In section 142 (a), strike out “chapter 1 of this title” each place it appears and insert “chapter I”.

(B) In such section 142 (a), strike out “under this title” and “purposes of this title” each place they appear and insert “under chapter I or under this title”, and “purposes of chapter I or of this title”, respectively.

(8) Section 142 (b) is amended by striking out “chapter 3 of title I of this Act” and inserting in lieu thereof “this title”.

(9) Section 144 is amended by inserting immediately after “under this title” the following: “or chapter I”.

(10) Section 202 (b) is amended by striking out “401 (a)” and inserting in lieu thereof “451 (a)”.

(11) Amend the heading of title IV to read as follows:

“TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS”.

(12) (A) Immediately after section 420, insert the following new chapter heading:

“CHAPTER III—CONTINGENCY FUND”

(B) Section 401 is redesignated as section 451 of chapter III.

(13) Section 405 (d) is amended by striking out “401” and inserting in lieu thereof “451”.

(14) Section 410 is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I”.

(15) Section 411 (b) is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I”.

(16) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

“CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS”

(17) Section 503 is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I” 68 Stat. 850.
22 USC 1755.

(18) (A) Section 504 (a) is amended by striking out “titles II, III, and IV, and chapter 3 of title I,” and inserting in lieu thereof “chapter II” 68 Stat. 851.

(B) Section 504 (c) is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I”.

(19) (A) The first sentence of section 510 is amended by striking out “chapter 3 of title I” and inserting in lieu thereof “title I of chapter II” 68 Stat. 853.

(B) The third sentence of section 510 is amended by striking out “title II or chapter 3 of title I” and inserting in lieu thereof “title I or II of chapter II”.

(20) Section 511 (a) is amended by striking out “title I” and inserting in lieu thereof “chapter I or title I of chapter II” 68 Stat. 853.

(21) Section 511 (c) is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I”.

(22) Section 513 is amended by striking out “401” and inserting in lieu thereof “451” 71 Stat. 363.

(23) Immediately above section 521, strike out the chapter heading. 68 Stat. 855.

(24) In section 521 (b), insert “of chapter II” immediately after “title III”.

(25) In section 521 (c), strike out “chapter 3 of title I” and insert in lieu thereof “title I of chapter II” 71 Stat. 363.
22 USC 1781.

(26) Sections 522 (c) and 522 (d) are each amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I” 68 Stat. 855.

(27) Section 523 (c) (2) is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I” 72 Stat. 271.
72 Stat. 272.

(28) Section 524 is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I” 68 Stat. 856.

(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I” 70 Stat. 561.

(30) Immediately above section 541, strike out the chapter heading. 68 Stat. 861.

(31) Section 545 (c) is amended by striking out “chapter 1 of title I” and inserting in lieu thereof “chapter I” 68 Stat. 862.

(32) Section 545 (h) is amended by striking out “chapter 1 of title I” each place it appears and inserting in lieu thereof “chapter I” 68 Stat. 863.

(33) Sections 545 (j) and 545 (k) are each amended by striking out “chapter 3 of”, and by inserting “of chapter II or under chapter III” immediately after “title IV” 70 Stat. 565.

(34) Section 549 is amended by inserting “of chapter II” immediately after “title III” 70 Stat. 565.

AMENDMENTS TO OTHER LAWS

SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows: 56 Stat. 1035.

(1) In subsection (a) of the first section, insert the following new subparagraph after subparagraph (4):

“(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security

Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;"

56 Stat. 1036.
42 USC 1651. (2) In subsection (e) of such section, strike "(3) or (4)" in the last sentence and substitute therefor "(3), (4), or (5)".

67 Stat. 135. (3) In subsection (f) of such section, insert "or in any work under subparagraph (5) subsection (a) of this section" between "this section" and "shall not apply".

62 Stat. 19.
22 USC 276. (b) In the first section of the Act of June 28, 1935, as amended (49 Stat. 425), strike out "\$30,000" and insert "\$33,000", and strike out "\$15,000" the first time it appears and insert "\$18,000".

59 Stat. 597. (c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert "Development Loan Fund;" before "Institute of Inter-American Affairs".

22 USC 1928b. (d) In section 2 of the Act of July 11, 1956 (70 Stat. 523), strike out all beginning with "An" down through "Conference and" and substitute "There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and".

72 Stat. 272.
72 Stat. 273. (e) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287q) is amended by the addition of the following sentences at the end thereof: "The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: *Provided*, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of \$200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section."

60 Stat. 713. (f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes

62 Stat. 1151.

“, as apportioned” is amended to read as follows: “(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses”.

(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): “or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.” 56 Stat. 1028.

(h) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words “in the Department” wherever they appear therein and by adding at the end thereof the following new sentences: “Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.” 68 Stat. 832.
22 USC 1751
note.
60 Stat. 1011.
22 USC 961.
72 Stat. 273.
72 Stat. 274.
22 USC 1006.

(i) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof: 60 Stat. 1019.

“(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

“(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

“(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of 70 Stat. 564.
22 USC 1442.

the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts."

63 Stat. 111;
69 Stat. 536.
22 USC 811a,
961.

(j) The Act of May 26, 1949, as amended (5 U. S. C. 151a-151c), relating to the organization of the Department of State, is amended as follows:

(1) In the first section, strike out "three" and insert "two".

(2) In section 2, designate the present language as "(a)" and add the following new subsection:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of \$22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the 'Deputy Under Secretary of State for Economic Affairs' or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs."

72 Stat. 274.
72 Stat. 275.

(k) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect nine months after the date of enactment of this Act:

"(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

68 Stat. 456.

(l) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor."

62 Stat. 441.

(m) The Act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as

heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe."

COOPERATION IN WESTERN HEMISPHERE

SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.

68 Stat. 832.
22 USC 1751
note.

Approved June 30, 1958.

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